

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

February 8, 1985

The twenty-first meeting of the State Administration Committee was called to order by Chairman Jack Haffey, at 10:00 a.m. on Friday, February 8, 1985, in Room 325 of the Capitol.

ROLL CALL: All the members of the Committee were present with Senator Manning and Senator Tveit arriving late.

CONSIDERATION OF SENATE BILL 215: Senator Jack Haffey, Senate District 33, is the sponsor of this bill entitled, "AN ACT TO DEFINE 'MONETARY CONTRIBUTIONS' FOR PURPOSES OF THE LIMITATIONS ON CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES; AMENDING SECTION ..., MCA." Senator Haffey said the purpose of this bill is to provide the definition of monetary contributions to political campaigns by political action committees or PACs. Last session, a bill was passed which limited the extents to which PACs could donate money to political campaigns to \$1,000 for senate campaigns and \$600 for house campaigns, and to allow in-kind contributions, such as lumber for signs or volunteer work. However, it soon became apparent that the PACs had found a loophole and were offering, for example \$50.00 worth of stamps where they could not offer \$50.00. We do not mean that this bill should be construed as not allowing PACs to contribute their volunteer work or lumber for signs, but we do want to limit the influence that PACs could possibly have on an individual. We feel that this was the intent of the bill as passed last session. It should be understood that there is no limit to the total amount of money a candidate can receive, but no single person or PAC should have a dominant connection.

PROPOSERS: Brad Belke, President of Montana Common Cause, supports this bill. Mr. Belke said that as people became increasingly concerned about PACs, House Bill 356 was passed into law, limiting the aggregate amount of dollars a candidate can receive from a PAC. There is, however, a serious loophole in the law which, if left unchanged, will undoubtedly cause it to become meaningless in future election years. This loophole is created by an exemption of in-kind contributions which allowed over \$26,000 in unrestricted contributions of postage stamps and payments for contracted services to be contributed by PACs to candidates in 1984. Montana Common Cause believes that the in-kind loophole should be closed by expanding the definition of "monetary contribution" to include payment for contracted services, materials such as signs and postage stamps, campaign debts or anything of a clear dollar value. (For more of Mr. Belke's testimony see Exhibit "1" attached hereto and by this reference made a part hereof.)

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Don Judge, AFL-CIO, supports this bill. Mr. Judge said that they supported House Bill 356 in the last session. Mr. Judge said that his group was the 2nd largest PAC and today they are the 12th largest. He said that 10 out of 11 PAC's made in-kind contributions. Mr. Judge feels that the PAC's should not have so much influence, and he feels this bill is fair and equitable.

Jerry Calvert, associate professor of Political Science at Montana State University, supports this bill, as a member of the Montana Environmental Information Center. Mr. Calvert said that Montana EIC supports this bill because we believe in the maintenance of an open and competitive political system where all voices--individual citizens, political party organizations, and organized interests--have the right and the fair opportunity to be heard. To the extent that no limits are placed on the amount which may be contributed by one or more of these constituencies, the voice of those with little or no money to donate may be crowded out. Fail to place reasonable limits on PAC contributions and the voice of those with little or no money to donate may be crowded out. Fail to place reasonable limits on PAC contributions and the voice and the influence of the rank and file citizen will be diminished. (For more of Mr. Calvert's testimony see Exhibit "2" attached hereto and by this reference made a part hereof.)

Eric Feaver, Montana Education Association, supports this bill. They feel that this loophole should be closed and they support this bill.

Tony Jewett, Executive Director of the Montana Democratic Party, supports this bill. Mr. Jewett said that at the end of the 1983 session many of us, including the Democratic Party, left with the impression that a unique piece of legislation had been passed that limited the growing influence of political action committees within Montana's elections. The 1984 elections proved this not to be the case. This bill closes the loophole by expanding the present definition of "monetary contributions" beyond money and into "contributions having a monetary value." This was the original intent of the legislation passed in 1983, and we urge the committee to complete that intent by favorably acting on this bill. (For more of Mr. Jewett's testimony, see Exhibit "3" attached hereto and by this reference made a part hereof.)

Julie Delsoleo, Montana Public Interest Research Group, supports this bill, for all the reasons stated above. (For more of Ms. Delsoleo's testimony see Exhibit "6" attached hereto and by this reference made a part hereof.)

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Earl Riley, Montana Senior Citizens, supports this bill for all the reasons stated above. (See Exhibit "4" attached hereto and by this reference made a part hereof.)

OPPONENTS: Janelle Fallan, Montana Chamber of Commerce, opposes this bill. First, the main assets in a campaign are time, money and incumbency. Limiting one makes the others more valuable and discriminates against those candidates not having them. Especially, the more you limit citizens' rights to contribute time and money to a campaign, the more valuable you make your own incumbency. When 13-37-218, also known as the "receipt limitation," was passed, it is my recollection that the supporters wanted it to read "monetary contributions" (lines 16-17) so that in-kind contributions would not be limited. However, it appears that many PACs have responded to the receipt limitation in a way that could have easily been predicted, so supporters of SB-215 want to change the rules again, in favor of those who have more time than money to contribute to the political process. Montana already has campaign contribution limits that are among the most restrictive in the nation. Legislation such as SB-215 appears to be part of an effort simply to outlaw PACs. (For more of Ms. Fallan's testimony see Exhibit "5" attached hereto and by this reference made a part hereof.)

Ken Dunham, Dunham Advertizing, opposes this bill. Mr. Dunham believes that the purpose behind the bill passed in the last legislature was to identify the source of contributions and the amount. He feels that in-kind contributions are reported and are listed on a report that is open to the public. People seem to feel that money spent on campaigns are evil. They are not.

COMMITTEE QUESTIONS: Senator Conover said that the one hand-out given out by the man from Common Cause listed a number of large corporations from out-of-state, such as the Brotherhood of Locomotives and wanted to know why they are investing in Montana. Mr. Judge said that most of these labor unions have home offices out of state and that's where the money comes from.

Senator Haffey closed by saying that he received contributions from PACs and he appreciated them. However, PAC supporters give their money through the PAC and that has one interest--a special interest. The bottom-line is that a rose by any other name is still a rose--money provided in money or stamps is still money, and these should be limited. SENATE BILL 215 is closed.

EXECUTIVE ACTION ON SENATE BILL 215: Executive action on SB-215 will be deferred until Saturday, February 9, 1985, along with the other bills set for Friday due to the length of the hearings.

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CONSIDERATION OF SENATE BILL 295: Senator Dorothy Eck, District 40, Bozeman, is the sponsor of this bill entitled, "AN ACT TO PROHIBIT THE DEPOSIT AND INVESTMENT OF STATE PUBLIC FUNDS IN A FINANCIAL INSTITUTION THAT HAS A LOAN OUTSTANDING TO THE REPUBLIC OF SOUTH AFRICA OR A SOUTH AFRICAN CORPORATION; TO PROHIBIT THE INVESTMENT OF STATE PUBLIC FUNDS IN A FIRM THAT IS DOING BUSINESS IN THAT COUNTRY; TO PROVIDE A SCHEDULE FOR THE DIVESTITURE OF ANY CURRENT INVESTMENT IN SUCH FINANCIAL INSTITUTION OR FIRM; AMENDING ..., MCA; AND PROVIDING AN EFFECTIVE DATE." Senator Eck said that this bill requires the Board of Investments of the State to remove all funds from any corporation continuing to do business in South Africa. My reasons are based on my beliefs and my emotions. Senator Eck went on to tell about a black woman from South Africa who was trying to counsel family units in South Africa, but there really were no family units, as such, in South Africa. She told how the blacks were kept poor and starving while the whites had one of the highest standards of living anywhere in the world. She feels Apartheid cannot continue to exist, and that we as feeling human beings cannot continue to condone its existence. Senator Eck said that she feels that public opinion does make a difference, and that we do not want our money invested in a place that maintains this type of system.

PROPONENTS: Dr. Peter Koehn, Professor of Political Science at the University of Montana, supports this bill. He stated that the Republic of South Africa is a white minority racist state which denies the majority of the population virtually every human right which we hold self-evident, including the right to participate in national politics. The infamous practices of the apartheid system are well known, and the inequities which exist in South Africa are well documented. A recent Carnegie Foundation study found that while white South Africans, who comprise 18 percent of the country's population, own 87 percent of the land and have a standard of living close to ours, the majority of blacks in South Africa struggle for survival under some of the poorest living conditions in the world--including extremely high infant mortality and malnutrition rates, low wages, infertile agricultural land, and vastly unequal educational opportunities. In the past year, the minority government of South Africa has stepped up its repression of the black majority. Over 1,000 people have been detained without trial and at least 150 people have been killed as a result of police action. In the words of Bishop Desmond Tutu, the Nobel Peace Prize awardee, "those who invest in South Africa, whether they like it or not or whether they intended it or not, are supporting a system that oppresses your brothers and sisters." (For more of Mr. Koehn's testimony see Exhibit "A" attached hereto and by this reference made a part hereof.)

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Loren Weinberg, supports this bill. Mr. Weinberg felt that our not investing in South Africa would be a sign of encouragement for the black people in this country. He also agreed with all the previous testimony.

John Ortwein speaking in behalf of the Montana Catholic Conference, supports this bill. He quoted Archbishop Dennis Hurley of Durban, South Africa, who said "when black workers are no longer able to function well, they are moved to the 'homelands.' The homelands comprise only 13% of the worst land area of South Africa. Those relegated to the Homelands will be relegated to unemployment, poverty and disease." He urged us to divest ourselves of our South African holdings. (For more of John Ortwein's testimony, see Exhibit "D" attached hereto and by this reference made a part hereof.)

Jim Murry, Montana State AFL-CIO, supports this bill. Our state Constitution provides the bedrock of Montana's commitment to human rights. We declare that, "all persons are born free and have certain inalienable rights." These include the rights of pursuing life's basic necessities, enjoying and defending a person's life and liberty, the right to acquire, possess and protect property and to seek safety, health and happiness. These conditions that do not exist for a majority of citizens in the country of South Africa. (For more of Mr. Murry's testimony, see Exhibit "C" attached hereto and by this reference made a part hereof.)

Nadiene Jensen, Council #9 of State, County and Municipal Employees, supports this bill for all the reasons stated above.

Jackson Gilliam, Episcopal Diocese of Montana, Bishop, supports this bill, for all the reasons stated above.

Ray Blehm, Montana Firefighters Association, supports this bill for all the reasons stated above, and because he has two black men working for him and he doesn't feel that they would like to have their money invested in South Africa.

Pat Callbeck Harper, Vice-President of the Women's Division of the International Board of Global Ministries of the United Methodist Church, supports this bill, for all the reasons stated above. She also said that she was one of the people who demonstrated in Washington, D.C. (For more of Ms. Harper's testimony see Exhibit "E" attached hereto and by this reference made a part hereof.)

Bill Bryan, Working Assets, supports this bill for all the reasons above. He feels that it is very simple to have a high rate of return and no investment in South African countries. He feels that he would be available to give guidance to our Board of Investments if this bill passes.

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Bill Thomas, Missoula, Montana, supports this bill, for all the reasons listed above. (For Mr. Thomas' testimony see Exhibit "F" attached hereto and by this reference made a part hereof.

Frank Kromkowski, state employee speaking for himself, supports this bill for all the reasons above, and he said that he did not like his funds invested in South Africa.

Chester Kinsey, speaking for himself, supports this bill for all the reasons above. For Mr. Kinsey's testimony see Exhibit "G" attached hereto and by this reference made a part hereof.

Ross Smith, Attorney for the Department of Justice, concurs with Frank Kromkowski.

Wilbur W. Rehmann, Montana Rainbow Coalition, supports this bill for all the reasons stated above. Mr. Rehmann was a member of Jesse Jackson's campaign of hope. (For more of Mr. Rehmann's testimony, see Exhibit "H" attached hereto and by this reference made a part hereof.)

Butch Turk, Montana Peace Legislative Coalition, supports this bill for all the reasons stated above. (For more of Mr. Turk's testimony, see Exhibit "I" attached hereto and by this reference made a part hereof.)

Philip Sherman, Montana Federation of Teachers, supports this bill for all the reasons stated above, plus he concurs with Mr. Kromkowski.

OPPONENTS: Jim Howeth, Fiscal Officer for the Board of Investments, opposes this bill. Mr. Howeth said that he had met with all these people and he felt that the Board of Investments would have to oppose this bill because we are the keepers of the money. He introduced Jim Penner from his office.

Jim Penner, Board of Investments, opposes this bill. Mr. Penner likened the Board of Investments to a doctor who knows a patient is drinking too much, or smoking too much, or working 80 hours per week without vacations, it is the doctor's responsibility to warn the patient of possible and/or probable consequences of such actions. Our role as a fiduciary or custodian for assets owned by the people of Montana is to advise you, the people's representatives, of the probable impact this bill would have on the people of Montana's assets. Our primary goal is to seek the optimum possible investment performance with the investment guidelines consistent with investment objectives of the various funds it manages in order to reduce the cost to Montana taxpayers and pensioners. We believe the evidence is overwhelming that superior investment performance will be greatly inhibited by a South African divestiture policy. As a consequence, additional sources of income will be necessary

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to pay for the loss of funding of retirement plans and State funds. Investment performance will be reduced for the following reasons: 1. Risk of holdings will increase. 2. Reduced diversification. The bill would, on average, deny use of 79% of the weight of eight key industry groups that represent 36% of the S&P 500. Specifically, it would disallow use of: office equipment, 86% of companies; international oils, 85% of companies; drugs, 86% of companies. Mr. Penner listed many more ways that the Board of Investments would be restricted. He also mentioned that some of these companies are doing good in South Africa. (For more of Mr. Penner's testimony see Exhibit "J" attached hereto and by this reference made a part hereof.) Mr. Penner also passed out a handout, which is attached to his testimony, that said that Bishop Desmond Tutu does not think that withdrawal of support for South Africa at this time is not the answer.

COMMITTEE QUESTIONS: Senator Manning told the man from Working Assets why his report was so much different from the Board of Investments. Mr. Bryan said that it all depended on where your values lay. He said you can divest and still make money, and his company has proven this. Senator Mohar asked Senator Eck why she did not introduce this in the form of a resolution which he could pass on favorably as opposed to the form of a bill. Senator Eck said that she felt the time had come for a bill to be introduced and the state to divest itself of any money invested in companies doing business in South Africa.

Senator Eck closed by saying that she felt that this should be in the form of a bill as South Africa has had this problem for a very long time and they don't seem to be doing anything about it, and public opinion will make a difference. Senator Eck said that according to a report on C-Span there is a big affect being felt in South Africa of countries not doing business with them. Senator Eck feels that a smaller state like Montana will have a larger impact than say the State of Michigan. SENATE BILL 295 is closed.

The meeting was adjourned at 12:30 a.m.


SENATOR JACK HAFFEY, CHAIRMAN

ROLL CALL

STATE ADMINISTRATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date _____

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACK HAFLEY, Chairman	✓		
SENATOR LES HIRSCH, Vice-Chairman	✓		
SENATOR JOHN ANDERSON	✓		
SENATOR MAX CONOVER	✓		
SENATOR WILLIAM FARRELL	✓		
SENATOR ETHEL HARDING	✓		
SENATOR J. D. LYNCH	✓		
SENATOR DICK MANNING	Late	✓	✓
SENATOR JOHN MOHAR	✓		
SENATOR LARRY TVEIT	Late	✓	

DATE

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COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Pat Carroll & Laper	self	295	✓	
Bonnie Furrows	Peace Legislative Com.	295	✓	
E. J. ...	NRA	215	✓	
John O'Brien	Montana Catholic Conf	295	✓	
William Williams	Episcopal Diocese / Mont.	295	✓	
Julie Sabatella	Mont PIRG	215	✓	
Ray Blum	mt State firefighters	295	✓	
William Behrman	Rainbow	295	✓	
Bob Smith	Self - Rainbow	295	✓	
Janette Fallon	Mont Chamber	215		X
Butch Turk	Peace Legislative Coalition	295	✓	
Mark Stearns	MEIC	215	✓	
Nadrian Jensen	AFSCME	295	✓	
Chris Kurray	member of MSCA	297	✓	
James R. Penner	Board of Investments	295		✓
Tony Swett	Democratic Party	215	✓	
Jerry W. Calvert	Montana ELC	215	✓	
John Koehn	Self	295	✓	
Mark Bisom	Governor	295	✓	
Frank Krontz	self	295	✓	
Jim Murry	Mont. State AFL-CIO	295	✓	
Ellie Parker	self	295	✓	
Brad & Bill	Common Cause	215	✓	
Don Gerdner	MT State AFL-CIO	215	✓	
Ken Dunham	self	215		X
Randy Sumner	Operating Engineers	295	✓	

(Please leave prepared statement with Secretary)

DATE _____

COMMITTEE ON

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

TESTIMONY BEFORE THE SENATE
STATE ADMINISTRATION COMMITTEE

FEBRUARY 8, 1985

Exhibit 1
SB-215
2-8-85

Mr. Chairman and members of the Committee, my name is Brad Belke. I am the President of Montana Common Cause and I speak today on behalf of our organization's 750 members in support of Senate Bill 215.

Nine years ago, changes in election laws allowed corporations, labor, trade and professional organizations to form PACs and contribute to electoral campaigns for the first time. Today, PACs are a well-established fact of political life on the national scene, and they have grown up fast here in Montana as well. In 1976, special-interest PACs contributed \$22,648 to legislative candidates in this state, or about 8 percent of the total campaign contributions for that year. By 1982 PAC contributions had increased to \$122,767, or 19.3 percent of all contributions. In other words, PAC spending growth exceeded growth in overall campaign spending by about 250 percent during those six years.

In 1982 national campaign finance trends (showing PAC contributions often exceeding 50 percent of a candidate's total funding), caused many Montanans to become concerned that an unchecked increase in the influence of special-interest PACs could dilute the potential for an individual's effective involvement in the financing of legislative campaigns. Faced with extensive public concern and the fact that some Montana

legislative campaigns were already being largely funded by money from special-interest PACs rather than people, the 1983 Montana Legislature considered imposing a limit on the amount of money a legislative candidate may receive from PACs. H.B. 356, now codified as § 13-37-218, M.C.A., was passed into law limiting the aggregate total of PAC dollars a candidate for the Montana House of Representatives may receive to \$600 - candidates for the state Senate may receive up to \$1,000 from all PACs.

The aim of these limits was to restrict the amount of political action committee dollars to no more than 20 percent of a candidate's contributions - the average level they had achieved by 1982. Supporters of the bill believed this level would allow PACs to retain a significant role in financing legislative campaigns while reserving the major funding role for the people of Montana.

As the chart shows, 1983 law accomplished its general goal during the last election season. In 1984 legislative campaigns, PAC contributions fell, measured as a percent of total contributions, from 19.3 percent in 1982 to 17.1 percent in 1984. This is the first time since their inception that the proportion of PAC contributions fell from one election cycle to the next.

SPENDING FOR MONTANA LEGISLATIVE RACES, 1976-84

	1976	1978	1980	1982	1984
Total Contributions:	\$278,609	\$382,140	\$582,708	\$635,596	\$792,729
Special Interest PAC dollars	\$22,648	\$48,777	\$111,330	\$122,767	\$109,634
PAC In-Kind Contributions:	0	0	0	0	\$26,214
% PAC Contributions: (includes in-kind)	8.1%	12.8%	19.1%	19.3%	17.1%

(Attached to this testimony is a copy of a list of all PACs contributing to the campaigns of candidates for the 1984 Montana Legislature.)

With the above in mind, it is Common Causes's position that the aggregate PAC limit law is a sound reform that actually succeeded in its purpose during its first year of operation.

There is however, a serious loophole in the law which, if left unchanged, will undoubtedly cause it to become meaningless in future election years. This loophole is created by an exemption of in-kind contributions which allowed over \$26,000 in unrestricted contributions of postage stamps and payments for contracted services to be contributed by PACs to candidates in 1984.

The loophole was discovered when several candidates contacted Common Cause last fall and said that, although they had reached their limit for PAC monetary contributions, PACs were now offering them things like postage stamps, claiming that this was a way around the law's limitations. By interpreting the term "in-kind" to mean that \$50 in postage stamps, for example, could be given where \$50 in cash could not, PACs in 1984 discovered a way to comply with the letter of the new law while violating its intent, which was to limit the amount of monetary value contributions candidates could receive from them.

Montana is the only state to have passed a law limiting

the influence of special-interest PACs on legislative campaigns, probably because we were fortunate enough to catch the process before PAC spending got too big to control. I would refer you to the newspaper clippings attached to this testimony like the one titled "Courage in the Big Sky", from the Hartford, Connecticut Courant.

In 1984, 24 of the 58 special-interest PACs that contributed to legislative candidates made no in-kind contributions. Many of the directors of these PACs here undoubtedly as surprised as Common Cause leaders when they learned that in-kind contributions in excess of the \$600 and \$1,000 monetary limits were technically possible under the law. If the in-kind loophole is not closed it is likely that all PACs will begin to make unrestricted in-kind contributions, making the aggregate PAC limit law of little use during the election cycle of 1986 and later.

Montana Common Cause believes that the in-kind loophole should be closed by expanding the definition of "monetary contribution" to include payment for contracted services, materials such as signs and postage stamps, campaign debts or anything of a clear dollar value.

Thank you.

Attachment 1: Three special-interest PACs which gave a significant amount of in-kind contributions to 1984 legislative candidates.

1. Montana-Dakota Utilities PAC

28 in-kind contributions totalling \$3,170

Total spent by this PAC on 1984 legislative races: \$4,720

Recipient/district	Amount	Form of contribution
Ed Grady (HD47)	\$100	printing
Tom Asay (HD27)	\$150	advertising
Robert Sivertsen (HD14)	\$100	printing
Bob Gilbert (HD22)	\$100	printing
Ray Roberts (HD23)	\$100	advertising
Dean Switzer (HD28)	\$100	advertising
John Phillips (HD33)	\$100	printing
Jack Moore (HD37)	\$100	printing
Jesse O'Hara (HD39)	\$100	printing
Bud Campbell (HD48)	\$100	printing
Ray Jensen (HD53)	\$100	consulting
R. Budd Gould (HD61)	\$130	postage stamps
Dennis Rehburg (HD88)	\$100	postage stamps
Jack Sands (HD90)	\$150	printing
Diane Etchart (HD94)	\$200	printing (two contributions)
Les Ketselman (HD95)	\$100	consulting
Conrad Stroebe (HD98)	\$100	printing
Tom Conroy (SD50)	\$250	advertising (two contributions)
Tom Hannah (HD86)	\$100	printing
Rosanne Penwell (SD40)	\$200	printing
Larry Tveit (SD11)	\$150	advertising
Eob Marks (HD75)	\$100	consulting
Jack Ramirez (HD87)	\$150	printing
John Matsko (HD38)	\$150	advertising
Robert Ellerd (HD77)	\$100	postage stamps
John Harp (HD7)	\$40	postage stamps

2. Motor Transportation PAC (Mont. truckers)
 24 in-kind contributions totalling \$2,327
 Total spent by this PAC on 1984 legislative races: \$4,752

Recipient/district	Amount	Form of contribution
Jesse O'Hara (HD39)	\$100	printing
Orren Vinger (HD20)	\$100	postage stamps
Tom Asay (HD27)	\$100	postage stamps
Gene Donaldson (HD43)	\$100	postage stamps
Ed Grady (HD47)	\$100	postage stamps
Bob Thoft (HD63)	\$100	postage stamps
Bob Marks (HD75)	\$100	postage stamps
Jack Williams (HD82)	\$100	postage stamps
Tom Hannah (HD86)	\$100	postage stamps
Jack Sands (HD90)	\$100	postage stamps
Diane Etchart (HD94)	\$100	postage stamps
Tom Conroy (SD50)	\$100	postage stamps
Fred Thomas (HD62)	\$100	postage stamps
Robert Sivertsen (HD14)	\$102	signs
Allen O'Connell (HD40)	\$25	postage stamps
Jack Moore (HD37)	\$100	printing
R. Budd Gould (HD61)	\$100	postage stamps
John Phillips (HD33)	\$100	postage stamps
Jim Schultz (HD30)	\$100	printing
Les Kitselman (HD95)	\$100	advertising
Conrad Stroebe (HD98)	\$100	advertising
Dean Switzer (HD28)	\$100	postage stamps
Norm Wallin (HD78)	\$100	postage stamps
Tom Hager (SD48)	\$100	postage stamps

3. MAPA - Montana Agriculture PAC
 16 in-kind contributions totalling \$1,607
 Total spent by this PAC on 1984 legislative races: \$16,729

Recipient/district	Amount	Form of Contribution
Jack Moore (HD37)	\$100	printing
Gene Donaldson (HD43)	\$200	printing
Ray Jensen (HD53)	\$50	consulting
Bob Thoft (HD63)	\$107	consulting
Norm Wallin (HD78)	\$100	postage stamps
Rosanne Penwell (SD40)	\$100	consulting
Tom Hannah (HD86)	\$50	printing
Tom Conroy (SD50)	\$100	advertising
Les Kitselman (HD95)	\$50	signs
R. Budd Gould (HD61)	\$100	postage stamps
Jack Moore (HD37)	\$100	printing
Jack Williams (HD82)	\$50	printing
Tom Asay (HD27)	\$200	advertising
Robert Sivertsen (HD14)	\$200	signs
Jack Sands (HD90)	\$100	printing
Jesse O'Hara (HD39)	\$100	postage stamps

Attachment 2: Contribution breakdown for 58 PACs involved in 1984 legislative races.

PAC Name	Dollars	#Cont.	In-kind Amount	#Cont.
*AT&T PAC	\$100	1	\$50	1
BANKPAC (Montana Bankers)	\$1,900	19	-	-
*Brotherhood of Locomotive Engineers Legislative League (Cleveland, Ohio)	\$475	4	-	-
Burlington Northern Employees Voluntary Good Government Fund	\$2,275	44	-	-
CEL PAC (Committee to Elect Leaders)	\$12	1	-	-
*Citizens Against Poverty	\$75	3	-	-
Citizens for Responsible Government (Montana Power Co. employees)	\$2,850	17	-	-
*Citizens Republican Banking Committee	-	-	\$250	1
COMPAC (Montana Contractors)	\$10,400	52	\$2,157	11
*Citizens For The Republic (California)	\$250	1	\$1,500	6
*Concerned Citizens Fund (Arco, Los Angeles, California)	\$50	1	-	-
COPE (AFL-CIO)	\$3,625	76	-	-
Montana Society of CPAs PAC	\$1,900	31	\$850	7
CU-PAC (Montana Credit Unions)	\$2,325	35	-	-
*D.C. Montana Committee	\$200	2	-	-
*First Banks of North Dakota	-	-	\$100	1
Four Rivers Manufacturing Association	-	-	\$149	1
Freedom Lobby PAC	-	-	\$100	1
Glendive Education Association PAC	-	-	\$100	1
Billings Education Association PAC	\$775	4	-	-

Butte Teachers' Union PAC	\$100	2	-	-
Great Falls Education Association PAC	\$850	6	\$208	5
*IBPAT (International Brotherhood of Painters and Allied Trades PAC, Washington, D.C.)	\$250	1	-	-
Independent Montanans PAC	-	-	\$100	1
Independent Businessmen's PAC	\$1,400	11	-	-
IMPAC (Insurers of Montana PAC)	\$850	11	\$150	2
Lake County Senior Citizens PAC	-	-	\$95	1
Libby Education Association PAC	\$150	1	-	-
Lincoln County Tavern Association PAC	\$50	2	-	-
MAPA (Montana Agriculture PAC)	\$15,122	42	\$1,607	16
MEAPAC (Montana Education Association PAC)	\$15,900	56	\$500	1
MEPAC (Montana Engineers)	\$475	16	\$300	9
MEGPAC (Montanans for Effective Government PAC)	\$450	3	\$1,608	10
Mission Valley Farmers and Ranchers PAC	-	-	\$175	1
Mission Valley Taxpayers Legislative League	-	-	\$155	1
Missoula Unified PAC for Education	\$950	5	-	-
MoDePAC (Montana Dental Assn.)	\$3,300	34	\$1,280	15
MiniMart PAC (Casper, Wyoming)	-	-	\$100	1
MON-CAR (Montana Auto Dealers PAC)	\$2,350	44	-	-
MON-DAK (Montana-Dakota Utilities PAC)	\$1,550	14	\$3,170	28
MONTPAC (Montana Life Underwriters)	\$11,400	100	\$1,550	10
Montana Employees of Mountain Bell PAC	\$2,800	29	\$802	7
Montana Petroleum Association	-	-	\$150	2
Montana Realtors PAC	\$7,425	32	\$1,450	9

Montana Resources PAC (oil producers)	\$2,625	63	\$100	-1
Montana Nursing Home Association	\$700	6	\$900	9
Montana Right to Life	\$100	1	-	-
Montana T.P.E.L. (Transportation Political Education League)	\$3,525	48	\$150	1
Motor Transportation PAC	\$2,425	23	\$2,327	24
Norwest State PAC (Norwest Banks)	\$500	10	\$300	6
*NOWPAC (Washington, D.C.)	\$500	2	-	-
*Responsible Citizens Political League: A Brotherhood of Railways, Airlines and Steamship Clerks (Rockville, Maryland)	\$1,000	1	-	-
*Sears PAC (Chicago)	\$500	3	\$100	1
Sidney Education Association	\$100	1	-	-
Suds and Bubbles (beer and wine wholesalers PAC)	\$475	4	\$3,630	38
TRANSPAC	\$4,300	41	-	-
*Transportation Political Education League (Cleveland, Ohio)	\$300	4	-	-
REMPAC (Retired Employee of Montana)	-	-	\$51	2
Category Totals:	Dollars: \$109,634		In-kind: \$26,214	
Total PAC Spending: \$135,848				

*denotes out-of-state PAC

21. Publishing Place
AD 230,000
Per 230,000

MAY-3 -83

Montana curbs the PACs

Comparatively few people inhabit the vastness of the state of Montana but they can manage their own affairs, thank you. Concerned by the wildly spreading influence of political action committees (PACs), the Montana Legislature has sent them packing. It is now unlawful for a Senate candidate to accept more than \$1,000, or a House candidate more than \$600, from PACs. That's from *all* PACs combined. "I am pleased the Legislature of Montana and not PAC men will build the future of our great state," said Gov. Ted Schwinden when he signed the bill into law April 15. No other state has such a law setting aggregate limits.

In Florida, in contrast, the PACs are riding high. They gave \$2.8 million to the state legislators who were elected last year, an average of \$26,754 per senator and \$14,513 for each member of the House. Predictably, most legislators are indifferent if not hostile to bills that would rein them in. House Speaker Lee Moffitt is pledged to reform, but even he could do no better than to have the matter set down for committee study after the current session. It would help if Gov. Bob Graham took an interest, but PAC reform seems to be far from a priority with this future candidate for the U.S. Senate.

FLORIDA HAS 12 times Montana's population, but even if it enacted restrictions at a corresponding rate the PACs would be held to less than half their average contributions. By that standard, Common Cause, the public affairs lobby, is being more than reasonable when it proposes PAC limits of \$15,000 for a House campaign and \$35,000 for a Senate candidacy. Even so, 16 of the 40 senators and 49 of the 120 House members received more money than that from PACs last year.

Such numbers were unheard of in Montana where, thanks to the new law, they will remain so. According to the office of the Commissioner of Political Practices, the typical Senate candidate collects \$6,000 to \$8,000 from all sources, with a House race usually costing no more than \$5,000. In Florida, that's the kind of money unopposed candidates raise. Florida also allows

candidates to accept contributions from corporations. Montana does not.

Corporations don't vote and neither do PACs. Only people do. There are sound moral and constitutional grounds for prohibiting PAC and corporate contributions or for imposing stringent restrictions on them. PAC apologists, who are usually the lobbyists for the special interests the PACs represent, argue the converse, of course. "PACs get people involved in politics who might not otherwise know enough to get involved," said the public affairs manager for the Montana Chamber of Commerce, which opposed the bill. But by the same reasoning, PACs could claim the right to cast their members' ballots.

"I HAVE always felt that most of the money that finances campaigns ought to come from individual citizens who are casting individual votes, and not from special interest groups," says John Vincent, the Montana House majority leader and principal sponsor of the new law. He believes the Legislature reacted to public opinion — and to the perceived threat that PAC limits would be adopted by initiative if the Legislature failed to act. One poll he said, showed that "over 70 percent of the people felt that money was synonymous with power and influence in the Legislature. We still have enough of a populist tradition here, that may be what it is."

Because of their remoteness, sparse population and great wealth of natural resources, Montanans are more than ordinarily resentful of outside influences such as PAC involvement in their congressional races and statewide referendums. U.S. Sen. John Melcher, a Democrat, was able to turn to his advantage the fact that PACs spent \$228,011 in so-called "independent" campaigns against him last year. Says Blake Running, auditor for the Commissioner of Political Practices, "It's kind of a feather in your cap in Montana to say I get my contributions from local interests and am not controlled by outside people."

If that's xenophobia, the U.S. needs more of it. Let Congress and other state legislatures profit by the Montana example.

Courage in Big Sky Country

Montana legislators seem to have stronger backbones than their Connecticut counterparts.

Late last month the Connecticut Legislature's Government Administration and Elections Committee collapsed like the Red Sox in September when political action groups lined thumbs down on a proposal to establish a uniform ceiling for political action committee contributions in state elections.

Earlier, the committee had voted 19-0 in support of the bill to equalize the amount of money business and labor PACs can give. The legislation also brought ideological PACs under the ceiling for the first time and placed limits on contributions to municipal election campaigns.

But the committee's unanimous resolve to limit the growing power of special interest groups wilted under a barrage of criticism from PAC lobbyists. To a man and woman,

the committee then voted to gut the bill and called instead for a yearlong study of political reform.

In Big Sky country, lawmakers stand and fight. The Montana Legislature put the clamps on PACs despite heavy lobbying against the proposal by special interests.

Montana's approach is different from the dead Connecticut proposal. The new law is confined to legislative elections and puts the ceiling not on individual PAC contributions, but on the combined total amount the candidates can accept from political action committees. If slightly different from what was killed here, it nonetheless is a step in the right direction.

"I am pleased the Legislature of Montana and not PAC men will build the future of our great state," said Gov. Ted Schwinden when he signed the bill into law.

Would that the governor of Connecticut could say the same thing.

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Hartford Courant May - 5 (about)

Montana Curbs What Candidate Gets From PAC

Special to The New York Times

HELENA, Mont., April 28 — Despite heavy lobbying from special interest groups, Montana has become the first state to place a ceiling on the amount of funds state legislative candidates can collect from political action committees.

The measure, based on model legislation devised by Common Cause, the public affairs lobby, limits House candidates to a combined total of \$500 from all political action committees, and Senate candidates to a total of \$1,000. The legislation does not affect gubernatorial candidates.

The bill was passed by the Senate by a vote of 23 to 22, then passed by the House, 63 to 29, and signed on April 15 by Gov. Ted Schwinden. At the time, the Governor said, "I am pleased the Legislature of Montana and not PAC men will build the future of our great state."

Many states limit political action committees, but most limit the amount a PAC can donate, rather than the amount a candidate can receive.

"It will mean that PAC's will not become the dominant financiers of legislative campaigns," said Jonathan Mott, Common Cause's legislative representative, who drafted the bill. "But they'll still play a significant role."

But the Montana Chamber of Commerce, which opposed the legislation, says it hinders the political process. "PAC's are made up of people," said Janelle Fallon, public affairs manager for the business group. "Those are voluntary contributions from private individuals. PAC's get people involved

in politics who might not otherwise know enough to get involved."

Miss Fallon said that members of public interest PAC's such as the Montana Committee for an Effective Legislature, can spend as much time and effort as they wish in campaigns. "If you limit money, you favor those with more time," she said.

In the 1982 elections, 85 House candidates received more than \$500 from political action committees, while 18 senatorial candidates got more than \$1,000.

PAC limit is a good step

National political action committees (PACs) garnered a lot of news space last year, particularly in Sen. John Melcher's bid for re-election.

They were also very active on the state level and that brought cries for reform from Montana Common Cause and newspaper editorials decrying the growing influence of the special interest groups.

The Senate tackled a PAC bill this week and tacked on an amendment which would limit PAC contributions to \$1,000 for state Senate candidates and \$600 for House candidates. Political party donations would not be included in the restrictions.

Sen. Tom Towe, D-Billings, didn't think exempting political parties was a good idea. He said PACs would circumvent the limitations by donating their money to a political party which could then funnel it to a candidate through any one of the dozens of the party's county-level organizations.

We seriously doubt that would happen. PACs are interested in specific candidates and they want to exert their influence directly. But the concept of party organizations as "laundering machines" is disturbing. The possibility always exists that a party worker will succumb to the temptation to accept a donation with the understanding that it is to be channeled to Candidate X.

The PAC bill might not be perfect, but it's a good first step. We hope the House concurs with the Senate's amendment.

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Montana avoids the PAC habit

Montana's legislative candidates will have to make do with limited amounts of Political Action Committee money next year. The governor has signed a measure that prohibits House candidates from accepting more than \$600, total, from PACs. Senate candidates, whose districts are larger, are limited to \$1,000.

The purpose of the limits is to prevent PACs from becoming the dominant underwriters of legislative campaigns, according to Jonathan Motl, a representative of Montana's Common Cause, the public affairs lobbying group.

Studies have shown a rapid growth of PAC involvement in the last couple of Montana legislative elections. A lot of PAC money is "outside" money, and some observers feared it eventually would have destroyed the traditionally local, low-cost nature of legislative politics. The low-cost aspect of legislative campaigning may have been ending anyway, but the PAC limitations should help preserve the mostly local nature of legislative campaigns a while longer.

Some lawmakers may have voted for the PAC limitations because they knew it would be used against them if they didn't. But more of them probably felt that failure to address the PAC spending issue soon might make it impossible to limit the scope of PAC involvement in these campaigns later. Too many lawmakers would have become too dependent on PAC contributions.

That's exactly what already may have happened in Congress. Legislation has been introduced to limit to \$90,000 the amount of PAC money any candidate for Congress can accept during any two-year period. Currently, a candidate can take \$5,000 from as many PACs as are willing to give that much. Candidates often find that many PACs are more than willing to fork over the maximum contribution.

The bill to put a \$90,000 lid on the total PAC money congressional candidates can accept was introduced by Rep. David Obey, D-Wis. The bill has scores of cosponsors, but skeptical observers think many of them put their names on

the bill while convinced that Congress isn't going to kill this particular golden goose.

The cost of congressional campaigns, for both Senate and House, has become enormous. Fund-raising often begins two or more years before the campaign begins. Sometimes fund-raising resembles an arms race, with each candidate behaving as though it'll be a disaster if the other side gets too far ahead of him.

Quite often, it is. Sheer dollar superiority isn't always enough to win a race, but it sure helps. Money can make a runaway race closer, and can swing a close race to the person who has the most.

And PACs generally are giving more and more to congressional candidates. In 1976, they furnished an average of 23 percent of winning House candidates' campaign funds. That rose to 31 percent in 1980, and to 34 percent last year.

Winning Senate candidates, according to the Federal Election Commission, got 15 percent in 1976, 25 percent in 1980 and 22 percent last year. The election commission didn't explain last year's unusual decline, but it's almost surely not the beginning of a trend.

Ten Senate candidates last year spent from \$2.7 million to \$7.1 million on their races.

In the House, the top 10 spenders invested from \$868,000 to \$2.3 million in their campaigns.

Obviously, anyone thinking of running for Congress on a shoestring is going to be running just for the fun of it.

PAC contributions to all candidates last year amounted to just under \$80 million. As with the money spent on arms races, it would nice if it could be put to a better use.

The Obey bill to limit total PAC contributions to candidates doesn't seem unreasonable, at least as a starting point for discussing the issue. Congress, unfortunately, appears hooked on PAC money.

Montana's Legislature may have done the right thing in limiting the role of PACs, and perhaps just in time.

MONTANA STANDARD
Butte, MT 59701
(406) 338-1111

MAY 4 1983

SUPERIOR CLIPPING SERVICE
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It's time to limit PACs

The Montana Senate is considering three bills to limit the influence of special interest political action committees (PACs) on legislative campaigns.

These campaigns have gone from being 8.1 percent PAC-financed in 1973 to 19.3 percent last year. In other words, money from the political arms of various business, agriculture and labor groups made up 8.1 percent of the total raised in legislative campaigns in 1976, and now makes up almost 20 percent of that total.

In dollars, PACs contributed \$122,767 of the \$635,536 raised by legislative candidates last year — nearly one in every five dollars. This rapid increase in PAC campaign contributions is a disturbing trend.

Disturbing, because when special interests finance campaigns and win elections, the average citizen may lose. A real danger exists of legislators becoming representatives of special interests and of single interests, rather than of their constituents.

The bills under consideration by the Senate would limit the amount of money a candidate could accept from PACs, limit the amount an individual could contribute to a PAC, and force PACs to bear names that accurately reflect the special interest they represent.

Under the first bill, HB356, Senate candidates could accept no more than \$1,000 total from PACs; House hopefuls, no more than \$600. According to the bill's sponsor, House Majority Leader John Vincent, D-Bozeman, that would put the average campaign fund at 20 percent PAC money, the current average level. Donations from citizens would then account for 80 percent of a candidate's funds. That's reasonable.

The second bill, HB387, would limit individual contributions to PACs to \$500, and thus limit the funds PACs have to help finance campaigns and win influence. That also is reasonable.

The last bill, HB386, would keep special interests from disguising their political aims with innocuous-sounding names. It would make them spell out their particular special interest in the title of the PAC. That's not just reasonable, it's only logical and fair.

This series of bills will probably have a much tougher time getting through the more conservative and politically seasoned Senate than they did in the House. But senators need to be convinced of the bills' value to an open and fair elective and representative process — a goal no one can oppose.

The bills merit approval.



The Montana Environmental Information Center

- P.O. Box 1184, Helena, Montana 59624
- Flathead Office 433 S. Main, Kalispell 59901

(406) 443-2520

(406) 755-7763

TESTIMONY BEFORE THE
SENATE STATE ADMINISTRATION
COMMITTEE IN SUPPORT OF
SB 215
Feb. 8, 1985

Good morning, Mr. Chairman and members of the committee. My name is Jerry Calvert. I am from Bozeman where I am employed as an associate professor of Political Science at Montana State University. I am speaking to you today as a member of the Montana Environmental Information Center. Montana EIC supports SB 215 entitled "An Act To Define 'Monetary Contributions' For Purposes Of The Limitations on Contributions Received From Political Committees, Amending Section 13-37-218, MCA".

Under current law, enacted in 1983, state legislative candidates are limited in the aggregate amount of contributions they can receive from political action committees (PACs). Under law a senate candidate can receive no more than \$1,000 in PAC contributions while a house candidate may receive no more than \$600. Unfortunately, in our judgement, these limits currently only apply to direct monetary contributions. They do not apply to indirect "in-kind" contributions which nonetheless have a monetary value. SB 215 seeks to close the loophole in the current law which permits PACs to give an unlimited amount of monetary contributions to candidates "in kind".

Montana EIC supports this bill because we believe in the maintenance of an open and competitive political system where all voices--individual citizens, political party organizations, and organized interests--have the right and the fair opportunity to be heard. To the extent that no limits are placed on the amount which may be contributed by one or more of these constituencies, the voice of those with little or no money to donate may be crowded out. Fail to place reasonable limits on PAC contributions and the voice and the influence of the rank and file citizen will be diminished.

As a case in point we might briefly look at what has happened in the U.S. Congress. In Congressional elections there is no limit on the amount of PAC contributions a candidate might receive nor are there any limits on the aggregate amount that PACs can contribute to candidates (a PAC is limited to donating a maximum of \$5,000 to a single candidate for each election, but there is no limit on the total amount the PAC might give to a multitude of candidates, and the limit only applies to a direct contribution). As a consequence it is not uncommon today that some Congressional candidates receive a majority of their campaign contributions from PACs. Special interests at

the national level quickly recognized these wonderful loopholes and have acted on them. In 1974, when the Federal Election Campaign Act (FECA) took effect approximately 607 PACs donated \$12.5 million to Congressional candidates. Ten years later the number of PACs stood at approximately 4,000 and they donated in excess of \$100 million during the last election cycle. For Montana the handwriting is on the wall. Fail to close the loophole in the present law and you will see a flood of "in kind" contributions in future elections which will make the current limits meaningless.

To be sure, the available evidence suggests that the current law has begun to work in the intended direction. In 1976 in Montana, PACs accounted for just 8.1 % of total contributions to legislative candidates. But six years later PAC contributions had grown to \$122,767, 19.3 % of total contributions. In 1984, however, direct PAC contributions declined to \$109, 624, 13.8 % of the total, but an additional \$26,214 was donated "in kind". Fail to close this loophole and those PACs who followed the letter and the spirit of the law will be forced out of political necessity to "enter the "in kind" contribution game. The result will be an "arms race" mentality in campaign giving that will eventually lead to a situation where candidates will be receiving a majority of their campaign monies from special interests. Montana EIC believes that the legislature would not want to see that happen and passing this bill will help prevent PAC domination of the electoral process. Enact this bill and Montana's legislative candidates will continue to rely heavily on the contributions made by individual citizens who believe in them and who show their support by giving the small amounts which they can afford. Let's keep the game open and competitive. Montana EIC urges you to support SB 215. Thank you.



TESTIMONY

February 8, 1985
SB 215

Exhibit 3
SB-215
2-8-85

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE. I AM TONY JEWETT, THE EXECUTIVE DIRECTOR OF THE MONTANA DEMOCRATIC PARTY. THE DEMOCRATIC PARTY SUPPORTS SB 215.

AT THE END OF THE 1983 SESSION MANY OF US, INCLUDING THE DEMOCRATIC PARTY, LEFT WITH THE IMPRESSION THAT A UNIQUE PIECE OF LEGISLATION HAD BEEN PASSED THAT LIMITED THE GROWING INFLUENCE OF POLITICAL ACTION COMMITTEES WITHIN MONTANA'S ELECTIONS. THE 1984 ELECTIONS PROVED THIS NOT TO BE THE CASE.

THE DEMOCRATIC PARTY COMES BEFORE THIS COMMITTEE IN SUPPORT OF SB 215 NOT AS A NEW PIECE OF LEGISLATION, BUT RATHER AS AN EFFORT TO COMPLETE A JOB WHICH MANY OF US FELT HAD BEEN COMPLETED TWO YEARS AGO.

HOUSE BILL 356, AS DESIGNED AND PASSED INTO LAW BY BOTH CHAMBERS OF THE MONTANA LEGISLATURE IN 1983, WAS INTENDED TO LIMIT THE AGGREGATE AMOUNT OF DOLLARS SPENT BY PAC'S IN LEGISLATIVE ELECTIONS. IT WAS NOT INTENDED TO ELIMINATE THE PARTICIPATION OF PAC'S; IT WAS NOT INTENDED TO LABEL PAC'S AS SINISTER PARTS OF THE ELECTION PROCESS. WHAT IT WAS INTENDED TO DO WAS RESTRICT THE AMOUNT OF DOLLARS THEY SPENT TO NO MORE THAN 20% OF A CANDIDATES TOTAL EXPENDITURES.

THE REASONING BEHIND THE LEGISLATION WAS THAT THE MONETARY INFLUENCE OF

Montana Democratic Central Committee • Steamboat Block, Room 306 • P.O. Box 802 • Helena, MT 59624 • (406) 442-9520

Executive Board

Bruce Nelson Chairman	Donna Small Vice Chairman	Mary Hempleman Secretary	Bobbie Wolfe Treasurer	Tony Jewett Executive Director	James Pasma Nat'l Committeeman	Dorothy Bradley Nat'l Committeewoman
Phil Campbell	Helen Christensen	Virginia Egli	Wendy Fitzgerald	Chas Jeniker	Les Morse	Les Pallett
Sharon Peterson	Gracia Schall	Barb Skelton	Clara Spotted Elk	Chuck Tooley	Mike Ward	Blake Wordal
Sen. Chet Blaylock	Rep. Dan Kemmis	Jim Foley	Rep. John Vincent	Phillis Moore		

PAC'S HAS BEEN INCREASING STEADILY OVER THE LAST DECADE, AND THIS INCREASING INFLUENCE WAS SEEN AS AN EROSION OF THE PRIMARY ROLE OF THE EVERYDAY PERSON WITHIN A CAMPAIGN.

UNFORTUNEATELY, HB 356 IS FAILING IN ITS INTENDED PURPOSE BECAUSE OF A LOOPHOLE IN THE LAW, A LOOPHOLE CREATED BECAUSE OF A ~~RESTRICTIVE~~ ^{NARROW} DEFINITION OF THE TERM "MONETARY".

THIS LOOPHOLE HAS CAUSED AN UNCHECKED FLOW OF DOLLARS TO MOVE INTO LEGISLATIVE CAMPAIGNS IN AN UNRESTRICTED MANNER, COMPLETELY IN VIOLATION OF THE INTENT OF HB 356 AS PASSED IN 1983. THE EXISTENCE OF THE LOOPHOLE IS READILY ACCEPTED AND USED BY CANDIDATES, ONE OF WHOM WAS QUOTED IN THIS WEEKS NEWSPAPERS AS SAYING IT WAS BIG ENOUGH TO DRIVE A TRUCK THROUGH. IN ANOTHER NEWS STORY YESTERDAY AN UNSUCCESSFUL CANDIDATE FOR THE STATE HOUSE WAS REPORTED TO HAVE SENT A LETTER TO A PAC DIRECTOR IN WHICH SHE SAID THAT SHE HAD REACHED HER MAXIMUM IN DOLLAR CONTRIBUTIONS AND ASKED IF THE PAC COULD LOCATE MONEY TO PAY FOR HER PRINTING AND POSTAGE COSTS AND CALL THOSE DONATIONS IN-KIND.

SB 215 CLOSES THE LOOPHOLE BY EXPANDING THE PRESENT ~~RESTRICTIVE~~ DEFINITION OF 'MONETARY CONTRIBUTIONS' BEYOND MONEY AND INTO 'CONTRIBUTIONS HAVING A MONETARY VALUE'. THIS WAS THE ORIGINAL INTENT OF THE LEGISLATION PASSED IN 1983, AND WE URGE THE COMMITTEE TO COMPLETE THAT INTENT BY FAVORABLY ACTING ON THIS BILL.

2-5-85

Exhibit "4"
SB-295
2-8-85

CHAIRMAN & COMMITTEE MEMBERS,

SENATE BILL 295

I STRONGLY OBJECT TO ANY FUNDS FROM
OUR STATE BEING INVESTED IN MONTANA

I STRONGLY SUPPORT THIS ACT

EARL J. REILLY

3129 W. SHORE DR.

HELENA, MT 59601

I SPEAK AS A MEMBER OF M.S.C.A.

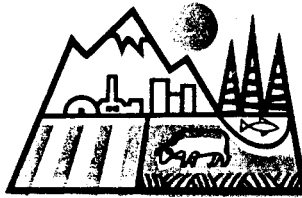


Exhibit "5"
SB-215
2-8-85

MONTANA CHAMBER OF COMMERCE

P. O. BOX 1730

• HELENA, MONTANA 59624 •

PHONE 442-2405

Testimony in Opposition to SB 215
by Janelle Fallan
Montana Chamber of Commerce
Senate State Administration Committee
February 8, 1983

The Montana Chamber of Commerce is a statewide business organization of about 1500 members, the vast majority of them small businesses. While we do not have a political action committee, we definitely encourage our members to become actively involved in politics.

Section 13-37-218, which SB 215 proposes to amend, was passed by the 1983 Legislature. We opposed that bill, for reasons that are relevant to the discussion today.

First, the main assets in a campaign are time, money and incumbency. Limiting one makes the others more valuable and discriminates against those candidates not having them. Especially, the more you limit citizens' rights to contribute time and money to a campaign, the more valuable you make your own incumbency.

When 13-37-218, also known as the "receipt limitation," was passed, it is my recollection that the supporters wanted it to read "monetary contributions" (lines 16-17) so that in-kind contributions would not be limited. However, it appears that many PACs have responded to the receipt limitation in a way that could have easily been predicted, so supporters of SB 215 want to change the rules again, in favor of those who have more time than money to contribute to the political process.

Montana already has campaign contribution limits that are among the most restrictive in the nation. Legislation such as SB 215 appears to be part of an effort simply to outlaw PACs.

The Montana Chamber believes the political process should be as open and accessible as possible. Political action committees are made up of people who believe they can work more effectively together than individually. PAC supporters are often people who become interested in the political process by becoming involved in a PAC that represents their interests. These are people who might otherwise "sit out" a campaign.

We respectfully urge a Do Not Pass on SB 215.



Exhibit 8
S.B-215
Montana Public Interest Research Group 2-8-85

729 Keith Avenue • Missoula, MT. 59801 • (406) 721-6040
532 NORTH WARREN HELENA, MT 59601 406-443-5155

TESTIMONY BEFORE THE COMMITTEE ON

STATE ADMINISTRATION OF THE

MONTANA SENATE

FEBRUARY 8, 1985

GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, MY NAME IS JULIE DALSOGLIO AND I AM A LOBBYIST FOR THE MONTANA PUBLIC INTEREST RESEARCH GROUP (MONTPIRG). MONTPIRG IS A NON-PROFIT, NON-PARTISAN RESEARCH AND ADVOCACY ORGANIZATION ESTABLISHED AND DIRECTED BY UNIVERSITY OF MONTANA STUDENTS. IT IS FUNDED BY OPTIONAL STUDENT FEES AND SMALL DONATIONS FROM MONTANA CITIZENS AND DOES WORK PERTAINING TO THE ENVIRONMENT, CONSUMER PROTECTION AND GOVERNMENT RESPONSIBILITY. I AM HERE TODAY TO SPEAK IN SUPPORT OF SENATE BILL 215, "AN ACT TO DEFINE "MONETARY CONTRIBUTIONS" FOR PURPOSES OF THE LIMITATIONS ON CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES."

MONTPIRG BELIEVES THAT THERE IS A DEFINITE AND VITAL ROLE FOR POLITICAL ACTION COMMITTEES TO PLAY IN ELECTION CAMPAIGNS. BUT WE ALSO BELIEVE THAT THE ROLE OF SPECIAL INTEREST PACS SHOULD BE LIMITED SO THAT THE INVOLVEMENT FOR MONTANA INDIVIDUALS IN THE FINANCING OF LEGISLATIVE CAMPAIGNS IS NOT DILUTED. IN 1983 MONTPIRG TESTIFIED IN SUPPORT OF HOUSEBILL 356 WHICH LIMITED THE AGGREGATE TOTAL OF PAC MONEY A CANDIDATE FOR THE MONTANA HOUSE OF REPRESENTATIVES AND THE STATE SENATE COULD RECEIVE. THE INTENT OF THIS LAW IS TO ALLOW PACS TO PLAY A ROLE IN FINANCING LEGISLATIVE CAMPAIGNS WHILE RESERVING THE MAJOR FUNDING ROLE FOR THE PEOPLE OF MONTANA.

MONTPIRG BELIEVES THAT THE CURRENT LOOPHOLE IN THE LIMITS ON PAC CONTRIBUTIONS WHICH ALLOWS IN-KIND MONETARY DONATIONS TO BE EXEMPT FROM THE TOTAL AGGREGATE PAC DOLLAR CONTRIBUTIONS VIOLATES THE INTENT OF THE 1983 MONTANA LAW. MONTPIRG SUPPORTS SENATE BILL 215 WHICH WOULD REDEFINE MONETARY CONTRIBUTIONS TO INCLUDE ALL CONTRIBUTIONS WHICH HAVE A DEFINITE MONETARY VALUE. WE HOPE THAT THE COMMITTEE WILL VOTE TO SUPPORT SB 215.

TAHNK YOU MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE FOR YOUR TIME.

Exhibit "A"
SB-295
2-8-85

Testimony in Support of Senate Bill 295 Presented to the State Administration Committee, Montana Senate, by Dr. Peter Koehn on February 8, 1985.

The brief remarks which I have prepared for the members of this Committee are directed, first, toward the current situation in South Africa and, then, to considerations specifically related to the issue of divestment of state funds from firms that conduct business in South Africa or have outstanding loans in that country.

The Republic of South Africa is a white minority racist state which denies the majority of the population virtually every human right which we hold self-evident, including the right to participate in national politics. The infamous practices of the apartheid system are well known, and the inequities which exist in South Africa are well documented. A recent Carnegie Foundation study found that while white South Africans, who comprise 18 per cent of the country's population, own 87 per cent of the land and have a standard of living close to ours, the majority of blacks in South Africa struggle for survival under some of the poorest living conditions in the world--including extremely high infant mortality and malnutrition rates, low wages, infertile agricultural land, and vastly unequal educational opportunities. In the past year, the minority government of South Africa has stepped up its repression of the black majority. Over 1,000 people have been detained without trial and at least 150 people have been killed as a result of police action.

Is divestment a politically appropriate move for the State of Montana? I believe it is both appropriate and timely. In my opinion, divestment should be undertaken as a matter of ethical principal. Montanans need to insist that the investment of our funds only serve socially healthy and positive ends. Without question, U.S. and multinational firms doing business in South Africa lend legitimacy to the racist minority regime which treats the majority of people living in that country in a way that can only be described as inhumane. We must face the reality, then, that these firms, and any funds we invest in them, are complicit in one of the most unhealthy and unethical systems ever devised and enforced by a state. In the words of Bishop Desmond Tutu, the Nobel Peace Prize awardee, "those who invest in South Africa, whether they like it or not or whether they intended it or not, are supporting a system that oppresses your brothers and sisters." It is my position that we must do everything in our power to avoid taking any action that legitimates or could be interpreted as legitimating the present South African regime. This provides more than ample grounds for the State of Montana to withdraw public funds from corporations and banks involved in South Africa and to refrain from any further investments in such firms.

Dr. Peter Koehn is Professor of Political Science at the University of Montana. He has been a member of the UM faculty for 13 years. Professor Koehn's principal area of training and expertise is African Politics, and he has published extensively on issues of contemporary politics and public administration in Africa. He has lived, taught, and conducted research for nearly five years in two African countries: Ethiopia and Nigeria (the latter under a Fulbright lectureship award). Dr. Koehn is an active member of the African Studies Association. He has been involved in numerous professional meetings and conferences on African studies, and is a past participant in the U.S. State Department's Scholar-Diplomat Exchange Program.

Exhibit B
SB-295
2-8-85

NAME Loren Weinberg BILL NO. SB 295

ADDRESS 1895 Mt. Ellis Lane, Bozeman, MT 59715 DATE 2-8-85

WHOM DO YOU REPRESENT myself

SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:



Exhibit "C"
SB 295
2-8-85

Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59624
406/442-1708

TESTIMONY OF JIM MURRY ON SENATE BILL 295, HEARINGS BEFORE THE SENATE
COMMITTEE ON STATE ADMINISTRATION, FEBRUARY 8, 1985

I am Jim Murry, representing the Montana State AFL-CIO. We are here to give our wholehearted support to Senate Bill 295, which would take Montana's dollars out of investments which aid the racist government of South Africa.

Our state Constitution provides the bedrock of Montana's commitment to human rights. We declare that, "all persons are born free and have certain inalienable rights." These include the rights of pursuing life's basic necessities, enjoying and defending a person's life and liberty, the right to acquire, possess and protect property and to seek safety, health and happiness.

These are conditions that do not exist for a majority of citizens in the country of South Africa.

Over thirty-six years after it was proclaimed, apartheid remains a failed, repugnant system that serves as an instrument of suppression and coercion of blacks in their long struggle for human rights and equality. This policy of segregation and political and economic discrimination against non-Europeans is an abhorrent practice which is contrary to all our stated beliefs in human rights.

The South African government has shown a cynical disregard of the rights of its black citizens, and has shown contempt for international public opinion which has repeatedly urged white South Africa to alter its course and engage in meaningful dialogue with all its citizens. In resolutions passed before its conventions, the American trade union movement has called for the ultimate dismantling of the odious apartheid system. Until this government pursues a policy which guarantees equality among its myriad of citizens, we should not provide support of any kind to the South African government.

Since this country's policy of "constructive engagement" is a patent foreign policy failure, it is time to institute an investment boycott and Montana can lead the way.

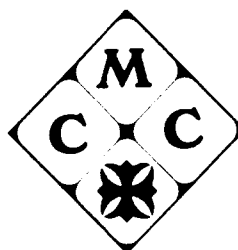
Our state Constitution firmly states:

"The dignity of the human being is inviolable. No person shall be denied the equal protection of the laws. Neither the state nor any person, firm, corporation, or institution shall discriminate against any person in the exercise of his civil or political rights on account of race..."

This declaration of our values does not limit itself to the borders of the state of Montana. It provides ample basis for passage of this bill which seeks to remove Montana money from providing assistance to any corporation doing business in or with South Africa, and from aiding and abetting the restrictive government of this country.

We fully support passage of Senate Bill 295.

Approved
SB-295
2-8-85



Montana Catholic Conference

February 8, 1985

CHAIRMAN HAFHEY AND MEMBERS OF THE SENATE STATE ADMINISTRATION COMMITTEE:

I am John Ortwein speaking in behalf of the Montana Catholic Conference. The Catholic Conference is the liaison between the two Catholic Dioceses in the State on matters of public concern.

I am here today to speak in behalf of Senate Bill 295.

"Apartheid." It was a word I had heard for years but have just recently begun to understand. It seems to take the worst elements of the manner in which we in this country once treated Blacks and Native Americans.

I quote Archbishop Denis Hurley of Durban, South Africa. "When Black workers are no longer able to function well they are moved to the 'Homelands'. The Homelands comprise only 13% of the worst land area of South Africa. Those relegated to the Homelands will be relegated to unemployment, poverty and disease."

Uprisings have arisen in South Africa since August of 1984. At that time constitutional reforms extended some representation to the so called Colored (mixed race) and Indian minorities in the segregated parliament but totally left out the Black majority.

What can we in Montana do to register our concern over these atrocities? Again, Bishop Hurley. "If you are going to act against Apartheid the only action you can take is economic. South Africa fears that." Nobel Peace Prize Laureate Bishop Desmond Tutu concurs, "It is up to the international community to exert pressure on the South African government, especially economic pressure otherwise a bloodbath is inevitable."

On December 4, 1984, at a United States House of Representatives African Affairs subcommittee hearing, Bishop Tutu stated, "The economic policy of the United States in South Africa is giving democracy a bad name." When his testimony ended, he received a standing ovation, something rare at a congressional hearing. Yet, he cannot vote for the legislative body in the country of his birth, because he is Black.

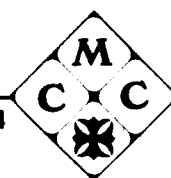


Exhibit "E"
SB-295
2-8-85

TESTIMONY BEFORE SENATE STATE ADMINISTRATION COMMITTEE
February 10, 1985

Senate Bill 295

Mr. Chairman and members of the Committee, I am Pat Callbeck Harper of Helena. I offer my comments on SB 295 as an elected Vice President of the Women's Division of the International Board of Global Ministries of the United Methodist Church. Our Board has been involved in divestment strategies against South Africa for over a decade. Currently we not only do not invest in companies that do business in or with South Africa, but we no longer allow our \$40-60 million of mission funds and pension funds of our 2500 missionaries to be handled by banks that make loans to South Africa.

Our denomination of over 9 million people has a clear policy of not only refraining from investment ourselves, but also of calling upon our government and state and local governments to pass legislation mandating withdrawal of public funds from banks and companies that do business in South Africa.

I also speak as a participant in the growing "FREE SOUTH AFRICA" movement that has seen well over a thousand people demonstrating at the South African Embassy in Washington, D.C. since the award of the Nobel Peace Prize to Archbishop Desmond Tutu in November. These thousand people include bishops and archbishops of many denominations in our country, state legislators and city commissioners, U.S. Representatives and U.S. Senators from both parties, and others from homemakers to ambassadors.

One of the major purposes of this demonstration is to draw attention to the Omnibus Bill on South Africa, being introduced into Congress this week or next, that calls for such economic pressure as is called for in this bill before you today. This bill passed the House last session and with the growing number of Senators sponsoring it this year it has an excellent chance of passage this year.

We do not undertake this work lightly. We are fully aware of the incredible hard work and skill that are involved in our Board of Investments as it must seek to get the highest return for our state's funds. In full appreciation for the scope of the Board's job, I comment only on a few questions that should be answered in consideration of this bill:

Why South Africa? The economic system of apartheid in South Africa stands alone today as the world's leading example of racism institutionalized and protected by law and Constitution. In many people's minds it is the cruelest form of legalized racism since the days of Nazi Germany.

Why this form of economic pressure, when we have heard that Archbishop Tutu has called for a delay in economic sanctions? Last month Archbishop Tutu did call for a delay of 12-18 months in enforcement of economic sanctions. Tutu describes sanctions as corporate withdrawal, complete withdrawal, from South Africa. He has continued to call for and plead with us to enact economic pressure on our companies in South Africa to affect nonviolent change. What he is pleading for is exactly what is in this bill: a clear economic pressure... a clear message to our companies there that we at home want them to use their influence as agents for reform in South Africa. Tutu has said that if we exert pressure on our companies to encourage them to work for nonviolent reform with the government, and no reform comes within 18 months, then we should call for the complete withdrawal of all corporations from South Africa altogether.

Why limit our Board of Investments with political restrictions on the scope of their work? I would offer that our federal government has under every administration in recent history found that political considerations are appropriate

and indeed necessary criteria for investment. We have withheld investment in Cuba and Poland for political, strategic reasons. We have encouraged at times and withheld at times investment in the Peoples' Republic of China and the Soviet Union for political reasons. I think that we all appreciate the difficulty that any restriction places on our Board, but the precedent is set for such limitations when compelling international situations demand it.

What good will it do anyway? Transnational Corporations in South Africa have recognized the worldwide criticism of apartheid, and they have begun to present themselves as proactive agents for reform in that country. It is highly appropriate for us, since they are using our money, our pension funds, to send a clear message to them that we want them to use their influence and affect the changes that they say they can affect on behalf of black workers.

The strategy already is working some good. The Omnibus Bill in our Congress is an example. The fact that four states now have very strong statutes and 25 others are considering legislation like ours is another example. And the most heartening example is that over the weekend the government of South Africa publically stated that it may have to undertake a reconsideration of its forced migration resettlement program.

The South African government has made sure that the world hears the voices of black people who oppose this strategy. Our own Board of Investments I am sure is also familiar with the slick and well-prepared materials that are published to "white-wash" the cruelty of this racist economic system.

But we also hear voices of blacks in South Africa like Archbishop Desmond

Tutu and Rev. Allan Boesak who call us to support their struggle with these words: "...because we know: neutrality is the most reprehensible partiality there is. It means choosing for those in power, choosing for injustice, without taking responsibility for it. It is the worst sort of politics, and (for we who are of Christian faith) it is the most detestable sort of Christianity."

We are not reprehensible in Montana; we do not support the system of apartheid; and our Board of Investments is not irresponsible or uncaring. We can hear Archbishop Tutu's call for us to join with others around the nation in demanding, through economic pressure, that our companies exert their influence to bring about a nonviolent resolution to a violence-laden situation.

Thank you for the opportunity to testify before you. I'll be happy to answer any questions later if I can enable your discussion.

Pat Callbeck Harper
301 S. Oakes
Helena, MT 59601

(This sheet to be used by those testifying on a bill.)

Exhibit "F"
SB-295
2-8-85

NAME: Bill Thomas DATE: 2/9/85

ADDRESS: 532 University Ave, Missoula, MT

PHONE: 728 9107

REPRESENTING WHOM? self

APPEARING ON WHICH PROPOSAL: SB 295

DO YOU: SUPPORT? X AMEND? X OPPOSE?

COMMENTS:

(see attached)

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Testimony on SB 295 before the Senate State Administration Committee

Mr. Chairman and Members of the Committee:

The Fourteenth and Fifteenth Amendments to the U.S. Constitution and Article II §4 of our State Constitution guarantee that no citizen of Montana is denied equal rights or protection under the law on the arbitrary basis of race. We affirm in our hearts, and in the Universal Declaration of Human Rights, that all people everywhere should enjoy those same rights. Freedom and, thus, human dignity should be subject to no arbitrary prior constraints.

The Afrikaaner regime in its pernicious policy of apartheid routinely denies black South African people these fundamental human rights. Montana is providing sustenance to this regime through our investment of public resources in firms that loan money and conduct business in South Africa. Therefore we, who affirm the rights of all persons to be free from discrimination on the basis of race, are supporting the denial of human rights and dignity to black South Africans through our investment policy.

It is morally reprehensible and irresponsible. For us to continue investing in firms that do business with South Africa makes a mockery of our own liberties and rights here in Montana. The only ethical justification for continuing our immoral investments would be if our own well-being and preservation were at stake. Disinvestment will not adversely affect the rate of return on public money. There is no excuse for us to continue supporting the denial of rights to black South Africans. The very least we can do is to stop using public money to support this cruel oppression.

I urge your favorable consideration of SB 295 and, further, respectfully recommend that it be amended to disallow the investment of public money in any firm that does business with any state that denies its citizens an enjoyment of the same human rights we enjoy here in Montana.

Thank you.

-Bill Thomas 532 University Ave Missoula, Montana 59801-

Exhibit G
SB-295
2-8-85

Testimony of
Chester Kinsey
6060 Applegate Dr.
Helena, Montana

Committee Members,

I hope that you will pass this bill, Sen Bill 295,
It has long been my opinion that it is totally immoral for
the people of Montana to use money to build the economy
of a country that keeps the majority of its people in a
condition of near slavery.

The money can most certainly be invested in other
ways that are a whole lot less against the development of
human dignity and decency.



Chester Kinsey

Appendix H
SB. 295
2-8-85

SOUTH AFRICA TESTIMONY

GOOD MORNING MR. CHAIRMAN, members of the committee, my name is Wilbur W. Rehmann and I represent the Montana Rainbow Coalition, an outgrowth of the Rev. Jesse Jackson's campaign for the Presidency of the United States. Rev. Jackson raised the hopes of millions of Americans, black and white, brown and red, democrat and republican and the poor and down-trodden. The campaign of hope, as it was called, is being carried on today -- it is a peaceful campaign which uses ideas and words instead of guns and rockets. It is a campaign based on love and understanding not on hate and bigotry. It is a campaign to lift the lifeboats stuck on the bottom of our society and it is a campaign to further justice in the world. And that is why I come before you today to speak in favor of SB 295 the South African Divestiture bill. I speak to you this morning because I am proud and glad to be an American -- proud to be able to say that in this country we try to confront the evils of injustice, bigotry, racial prejudice and hatred, that we may not always succeed but we -- try.

Members of the committee, not all nations in the world, as I'm sure you are well aware, have such a record of trying -- in fact, there are some nations in this world who not only don't try, but do everything in their power to maintain a racist, inhumane and unjust system of bigotry, hatred and enslavement.

The country of South Africa has a population of 29 million people. Only 4.5 million whites have full rights of citizenship while the nation's 21 million Africans are treated as rightless foreigners. The Africans were born in South Africa, work in South Africa, and will die in South Africa -- but they are black, and under South African law, the color of their skin makes them non-citizens. Africans cannot vote, buy or sell land, live or work where they choose, or move freely. They have been stripped of power and deprived of control over their lives by an elaborate network of legislation and custom.

This is the apartheid system.

SB 295 gives us, as Montanans, the power to say no to the South African system of racial bigotry, racial hatred, and injustice. We, through you our elected representatives, can say to South Africa -- we do not want our hard earned money going to support and uphold this racist system. We do not have to ask the U.S. Congress, we don't have to ask the President, we can simply say we don't support the racist policies of the South African regime and take our money and our investments out. It's that simple, and we will have taken our stand for justice, equality and humanity.

I urge this committee to give a do pass to SB 295 because it will allow Montanans to say no to the South African system of injustice, hatred and enslavement and to do so without having to resort to war or violence.

There are those well-meaning souls who may object to this bill by claiming that to move out of investments in South Africa will jeopardize Montana's investments. Members of the committee, that is not true, we have met with the staff of the Board of Investments and we have listened as they have told us of the pitfalls of divestment. That is why this bill does not call for immediate divestment. This bill is written to allow for plenty of time to reinvest Montana's securities -- 3 years. We have visited with many investment firms about this timetable and none of them believe that Montana's investments will suffer as a result of divestment. Some investment professionals suggest that 18 months would be more than adequate given the small percentage of Montana investments in South Africa.

There are those well-meaning souls who may argue that this bill will create an administrative nightmare for the Board of Investments. Again, we asked a number of investment firms if that would be the case and their answer was no. They have suggested that divestment could proceed over the course of the three years as a part of the normal reinvestment process and could be updated annually when the list of firms doing business in South Africa is published by the embassy in Johannesburg.

There are those well-meaning souls who may claim that this bill will tie the hands of the Board of Investments. Less than 12% of Montana's investments will be affected by this bill -- approximately 90% of Montana's current investments stay just as they are now and under the same policies that currently guide the Board of Investments. The same objection was raised a few years ago when as a part of the Build Montana program the legislature passed a bill requiring a portion of Montana's investments be placed in state, in Montana firms. That program has been successful and we have invested Montana money in Montana without creating an insurmountable problem for the Board of Investments.

Members of the committee, there may even be a few well-meaning souls who will ask, "What good will this do -- Won't this hurt the cause of Africans?" Nobel laureate Bishop Desmond Tutu has said, "I will just say that those investing in this country are upholding one of the most evil systems the world has known since Naziism. In the end it's a moral decision they must make." He further stated, "It is up to the international community to exert pressure on the South African government, ...especially economic pressure, to go to the conference table.... This is our very last chance for change because if that doesn't happen....it seems the blood-bath will be inevitable."

We as Montanans can make a difference -- we can help avert a blood-bath. We can use our quiet diplomacy now to avert gunboat diplomacy later. We can use our economic might to peacefully change black Africans unjust plight. We can use our money for good and not for evil. We can make Montana part of what's best about America. We can bring America home again.

That is our cause and our plea. I respectfully request that you give a do pass to SB 295. Thank you.

Wilbur W. Rehmann
913 Waukesha
Helena, Montana 59601

Peace Legislative Coalition

P.O. Box 5419 • Helena, Montana 59604
406-443-5122

Amendment I
SB-295
2-8-85

TESTIMONY IN FAVOR OF SENATE BILL 295

Senate State Administration Committee
February 8, 1985

Mr. Chairman, members of the committee. My name is Butch Turk and I'm representing the Montana Peace Legislative Coalition. To begin with, I'd like to express our appreciation to the Board of Investments and its staff. Although I expect they'll oppose this bill, their input has been invaluable. Several of their suggestions have already been incorporated into this bill.

My testimony largely deals with the financial implications of divestment. Although I'm not an expert on the subject, I have done an extensive amount of research. The fact sheet I've handed out describes what divestment will mean for Montana. Especially significant, I believe, is that divestment will have little potential for financial impact on over 97% of Montana's portfolio.

Some modern theorists will tell you that social restrictions will hurt investments. Other theorists, money managers and the record itself dispute this claim. One social investment fund, Calvert, had the highest rate of return of any money market fund in 1983. Another, Franklin Management, was #1 for all balanced funds according to the September 1984 issue of Money magazine.

Washington, D.C. and Philadelphia were unharmed by divestment. Massachusetts divestment improved the quality of the portfolio, improved the fund's cash flow by over \$2 million per year, and decreased volatility and risk. In all, at least five states, twenty four cities, several unions, sixteen national and thirty seven local churches and thirty two universities have, to some degree, divested from South Africa. To my knowledge, not one has decided to reinvest in South Africa related firms. Several studies, such as the one by Chemical Bank, have shown that divestment often increases return with insignificant increased risk and thoroughly adequate diversification options.

Joan Bavaria of Franklin Research Corporation said, "...an investment community generally opposed to political interference, sensitive to pension law obligations, and unfamiliar with considering the social implications of their actions has raised several financial questions regarding divestiture. To date, however, there is no evidence that divestiture has negatively impacted a pension fund. In fact there is a growing accumulation of studies and real

examples that show the opposite." Since there will be a fiscal note on this bill, I'll add that Ms. Bavaria, in testifying on Washington, D.C.'s divestment bill, stated that socially responsible investing does not add significant staff time. Of all restrictions, she called South Africa "the easiest and least time consuming."

I'd like to conclude by raising some questions about the wisdom of continued investment in South Africa related companies. Regardless of what Montana does, the divestment movement is growing. Will certain securities' value drop as more institutions try to divest? I don't know. In December, 35 Republican members of Congress warned the South African Ambassador of possible economic sanctions. What will the effect of sanctions be on South Africa related companies? Finally, I believe a revolution is coming to South Africa. I hope it's nonviolent. However, if it is violent, we can bet that foreign corporations, the aiders of apartheid, will be a prime target. Perhaps we should question the prudence of continued investment in firms that operate in South Africa.

Thank you.

Peace Legislative Coalition

P.O. Box 5419 • Helena, Montana 59604
406-443-5122

FINANCIAL IMPLICATIONS OF MONTANA DIVESTMENT FROM SOUTH AFRICA

South Africa divestment would require that all Montana funds be removed from:

- A) banks and financial institutions that have outstanding loans to South Africa or South African corporations; and
- B) firms that have investments in South Africa.

The Montana Board of Investments would have more than three years to accomplish this divestment. The following information is based on Montana investments as of the end of fiscal year 1984--June 30, 1984.

Source: Montana Board of Investments Fiscal Year Report 1984

- Out of 6,350 companies listed on the major U.S. stock exchanges, fewer than 400 do business in South Africa.
- Out of the 496 firms Montana is invested in, 62 or 12.5% are South Africa related.
- The market value of Montana's South Africa related investments is \$232,823,624. This represents 11.64% of Montana's total investment portfolio of \$2 billion.
- 43.3% of these South Africa related investments are in corporate bonds(5.04% of Montana's total portfolio). In three years the Board of Investments should be able, in its normal course of business, to trade the bonds for other bonds with ~~at least~~ ^{at least} the same value.
- 36.63% of the South Africa related investments are in short term securities(4.26% of Montana's total portfolio). Since these securities mature in less than three years, they require no divestment.
- * --Montana divestment from South Africa related firms will thus have ~~little~~ ^{little} financial effect, positive or negative, on 97.66% of Montana's total investment portfolio.

Examples of South Africa Divestment:

Sources: Franklin Research and Development Corporation.

Financial Implications of Divestment; Fantu Cheru, Ph.D.

Massachusetts-

Governor Dukakis: "...divestiture has proven to have had no significant impact on our pension earnings...careful divestiture can result in net increases in pension earnings."

Michigan State University 3/78 to 12/79 net gain: \$2,034,355

Exhibit "g"
SB-295
2-8-85

INVESTMENT IMPLICATIONS OF SOUTH AFRICA DIVESTITURE

MONTANA BOARD OF INVESTMENTS

James R. Penner
February 8, 1985

- 5B-295

I. FOCUS OF PRESENTATION

What are the investment implications of a law and/or policy that prohibits investment of funds managed by the Montana Board of Investments in corporations doing business in or with South Africa?

II. THE PROFESSIONAL'S ROLE

If a doctor knows a patient is drinking too much, or smoking too much, or working 80 hours per week without vacations, it is the doctor's responsibility to warn the patient of possible and/or probable consequences of such actions.

Our role as a fiduciary or custodian for assets owned by the people of Montana is to advise you, the people's representatives, of the probable impact this bill would have on the people of Montana's assets.

III. INVESTMENT OBJECTIVE

The primary goal of the Montana BOI, as stated in its most recent annual report, is to "seek the optimum possible investment performance with the investment guidelines outlined in State statutes and consistent with the investment objectives of the various funds it manages in order to reduce the cost to Montana taxpayers and pensioners.

IV. INVESTMENT PERFORMANCE

We believe the evidence is overwhelming that superior investment performance will be greatly inhibited by a South African divestiture policy. As a consequence, additional sources of income will be necessary to pay for the loss of funding of retirement plans and State funds.

A. Investment performance will be reduced for the following reasons:

1. Risk of holdings will increase.

The Investor Responsibility Research Center lists 270 companies doing business in or with South Africa. Of the 50 largest U.S. companies, 27 were on the list, including 13 presently owned by the State of Montana.

a. Reduced diversification

The bill would, on average, deny use of 79% of the weight of eight key industry groups that represent 36% of the S&P 500. Specifically, it would disallow use of:

Office equipment	86% of companies
Int'l Oils	85% of companies
Drugs	86% of companies

The above groups represent premier growth companies which would be largely replaced with securities of smaller companies and with a two and one-half times greater weighting of utility companies.

To retain a similar universe (measured by market capitalization) the number of issues researched would have to be increased many times. For example, just to replace IBM and Exxon would require 844 ASE companies or to replace the 12 largest restricted issues would require all 3,812 OTC issues.

2. Reduced quality

- a. District of Columbia Retirement Fund universe had 62% A+ quality issues before divestment, 37% after.
- b. Growth oriented firms become large with high credit ratings; utilities, a main alternative with divestment, have generally lower ratings due to nuclear involvement, consumer oriented PSCs, etc.

3. Reduced liquidity

- a. Higher concentration in smaller companies means increased difficulty in taking or liquidating positions due to reduced volumes of trading activity.

(Prudent man rules generally dictate a maximum volume in an issue of 20% of normal daily volume).

- b. The State of New Jersey estimated the loss on a conservative basis at 18%.

B. Investment research costs will increase

1. Existing universe of stocks will have to be substantially increased to make available a suitable supply of securities to offset those removed from the list.
2. Smaller companies are less well followed by brokerage and investment research firms necessitating additional research initiated by inhouse staff.

- a. The State of New Jersey projected the need to more than double the size of their research staff.
- b. Doubling Montana's investment research staff would cost \$135,000 annually including salaries, benefits, and rent.

C. Cost of divestment

- 1. Massachusetts estimates cost at \$12 million in 1983.
- 2. Opportunity for profit forgone by ignoring 27 of top 50 companies, deemphasizing eight of the premier growth industries.
- 3. The incremental transaction cost to divest at \$.20 per share of common stock and \$2.50 per \$1,000 par value of bonds would cost the beneficiaries \$646,980.60.

V. IMPACT ON MONTANA - Pensions & State Funds

A. Lower rate of return

- 1. General Fund - Restricted use of bankers acceptances and commercial paper could reduce the General Fund yield by up to 10 basis points, representing a cost of \$50,000 annually to the General Fund.
 - a. Of the 91 commercial paper issuers with a rating meeting current Montana statutory requirements, only 29 would be eligible if this bill is adopted.
 - b. The restrictions on issuers of bankers acceptances is likely to be even more severe since we use only the 20 or so largest U.S. banks.

2. Other Funds

- a. Restricted use of debt and equity securities issued by many of this country's largest and highest quality companies can only serve to increase market risk. Increased market risk may not be consistent with the objectives of the funds under management.
- b. Divestment shifts the portfolio mix away from many of the premier growth industries such as computers, drugs, and int'l oils into retail and utility concerns.

The 9 companies from the above-mentioned industries presently held by the Board of Investments advanced an average 181% in the last 10 years compared to zero growth registered by the retail firms of Sears, Penney's, and K Mart and 34% registered by a representative sample of the Board's utility holdings. Note that the utility increase comes only as a result of the largest single year advance in utility stock prices in over 20 years.

B. Higher contributions

Lower returns result in a need for increased contributions to replace the dollars lost through divestment or for a reduction in benefits due to a smaller pools of funds available.

VI. ILLUSTRATIONS

I'd like to use a couple of analogies to support the likelihood of lower investment returns. We have two investment managers each represented by a deck of cards. Manager A has 52 cards in his deck and is not restricted in any way in making investment decisions. Manager B, who must avoid companies doing business in or with South Africa, has only 41 cards in his deck to represent 18% of the companies not available for purchase. Since these companies are the premier companies, 27 of the 50 largest domestic companies, we have pulled out of manager B's deck 2 aces, 2 kings, 2 queens, 2 jacks, a nine, an eight, and a seven.

No one can deny that a poker player being dealt from a deck shy of 11 cards might not win from time to time despite the other players being dealt from a full deck. But to be a consistent winner, no matter how skilled the player might be, is highly unlikely.

And so it would be for Montana. Denied the use of about \$500 billion in market capitalization, the State's portfolio in this quarter or that quarter might have superior performance. But no matter how skilled the portfolio managers are, the odds will be against consistent superior performance.

I also recall an ill-fated grain embargo designed to bring Russia to its knees and pull its troops out of Afghanistan. Few people here today would argue that the embargo was effective, in fact, it was counter productive as other major wheat exporting countries quickly filled the void left by the U.S. exit. The same would be true if Montana divested of its securities in companies doing business in or with South Africa. I estimate the market on an average day would assume our securities in less than 2 minutes with no impact on South Africa's racial or economic policies.

One additional illustration seems appropriate. If IBM, Chrysler, Ford, and General Motors are deemed unworthy as investment holdings because of their South African exposure, how do we explain the State of Montana's purchase of IBM computer equipment or automobiles manufactured by Chrysler, Ford, or General Motors? Aren't we being a little inconsistent to disallow investment in these companies yet purchase the products they produce and sell to the State at a profit?

Peruse

VII. PRUDENT MAN RULE

Legal questions regarding the use of a social investing strategy where the fiduciary is bound to the Prudent Man Rule remain unresolved. Two University of Chicago law professors prepared an article for the University of Michigan Law Review in which they state that current social investing proposals which call for pension fund money in general to be invested according to a "social good" are illegal.

"A trustee who sacrifices the beneficiaries' financial well-being for any other object breaches with his duty of loyalty to the beneficiaries and his duty of prudence in investment."

They cited Blankenship vs. Boyle, whose union funds were used to purchase large blocks of shares in electric utilities to encourage purchase of union mined coal. The professors concluded that the duty of loyalty on the part of a trustee is for the "sole benefit" of the beneficiaries.

Our legal counsel is in complete agreement with the legal opinion as stated in the previously noted University of Michigan Law Review Article. They have advised us that since there were no previous limitations on pension fund investments, the Board, acting as a fiduciary, would be required to obtain permission from all beneficiaries of the respective pension funds before restricting investments in accordance with the proposed bill. Furthermore, since the proposed bill restricts or diminishes the Prudent Man Rule, it may be in conflict with Article 2, Section 31 of the Constitution concerning impairment of contractual obligations.

VIII. CONCLUSION

From a professional viewpoint the evidence overwhelmingly precludes the prudent fiduciary from exercising control of assets under management to achieve a "social good."

I would also like to leave with you a copy of a Business Week/Harris poll which clearly shows that the majority of Americans do not want to pull out of South Africa, but instead favor working from within to fight apartheid. The view of Bishop Tuto as stated in his address last Sunday is consistent with the poll results. He does not favor divestment at this time.

of worldwide sales, 2% of worldwide profits, and 10% of boardroom time. At some point... it isn't worth it."

Polls show that Americans oppose closing U.S. operations in South Africa to force an end to apartheid (box). But organized pressure for disinvestment is mounting. The House of Representatives passed two bills last year, one setting minimum standards for U.S. companies in South Africa, and another banning new U.S. investment there. Sponsors Steven J. Solarz (D-N.Y.) and William H. Gray III (D-Pa.), the Budget Committee chairman, expect to do better this year. Gray's aides say economic sanctions will be "a very high priority."

Laws in 11 U.S. cities and five states require public funds to divest some or all of their stock of companies operating in South Africa. Major New York banks have seen large depositors withdrawing. Clients have told fund managers, such as Kemper International Fund, to dump the stocks of South African companies from their portfolios. Under a New York City proposal, companies with operations in South Africa would be penalized when they bid for city contracts.

Voluntary programs to raise the living standards of black South Africans, such as the Sullivan Principles, are also biting into company time and earnings. U.S. multinationals claim they have spent up

to \$100 million on education, health, and training since the principles were signed in 1977. But the 134 companies that have signed the code devised by Leon H. Sullivan, a minister and former General Motors Corp. board member, are chasing a moving target. They must contend not only with fast-changing politics in South Africa and in the U.S. but also with Sullivan's ever-increasing demands.

PRIORITIES. Last December, Sullivan upped the ante again. His revised code requires U.S. companies to take public, political action to encourage the abolition of apartheid, South Africa's institutionalized form of racism. That leaves the companies wedged even deeper between

BUSINESS WEEK/HARRIS POLL: FIGHT APARTHEID, BUT DON'T CLOSE UP SHOP

American corporations may be reassessing whether it's worth the trouble to do business in South Africa. But if they choose to leave, it will not be because the U.S. public demands it. By substantial margins, Americans are opposed to applying economic sanctions of any sort to South Africa in order to force it to modify or abandon apartheid.

That opposition, the chief finding of a new BUSINESS WEEK/Harris Poll, does not appear to reflect public tolerance of the country's racial policies. In fact, three-quarters of those surveyed said that they did not approve of apartheid. Americans simply conclude that tougher measures would not work—and indeed might harm the interests of South African blacks.

The same top-heavy percentage opposes any U.S. government effort to force American companies to withdraw from South Africa, arguing that a pull-out would be "somewhat effective" at best in bringing about change. And by 61% to 31%, those polled said it would be "against the interests" of black employees of U.S. companies if their employers closed down.

MILITARY BAN. Instead, Americans seem to endorse President Reagan's policy of relying on quiet diplomacy to bring about an easing in Pretoria's racist policies. By 58% to 37%, they believe that such an approach is superior to stronger action.

But increasingly, Americans expect U.S. companies in South Africa to join the campaign against apartheid. By a margin of almost 3 to 1, Americans want those companies to "put pressure on the South African government to change its racial policies." Nine years ago, when Louis Harris asked a similar

question, fewer than 50% felt that way.

Opposition to economic sanctions appears to have mounted steadily. In 1976 a bare majority opposed a policy that would force U.S. businesses to divest their South African interests; 76% are now opposed. Similarly, in the earlier survey, a plurality of those polled favored barring new U.S. investment. In a shift of sentiment, an absolute majority now opposes that idea. Americans also reject the suggestions of some apartheid opponents that U.S. banks be barred from lending in South Africa or that a trade embargo be imposed (chart). By a narrow margin, however, they favor the existing ban on military sales.

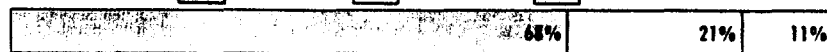
The poll does suggest that Americans are not comfortable with the U.S.'s civil—if not warm—relations with South Africa's white minority government. Almost two-thirds of those polled said they were "sympathetic" to the recent round of protests at South African government facilities in the U.S. And by a margin of 53% to 39%, Americans declared it "immoral for the U.S. to support a government such as South Africa that oppresses blacks." Yet 64% of those surveyed said the U.S. "must stay on good terms" with the white minority government because of South Africa's rich resources.

By Stuart Jackson in New York

AMERICANS FAVOR POLITICAL PRESSURE ON SOUTH AFRICA...

Q. Should the U.S. press the South African government to give blacks more freedom and participation in government?

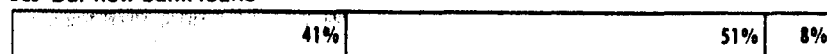
☐ FAVOR ☐ OPPOSE ☐ NOT SURE



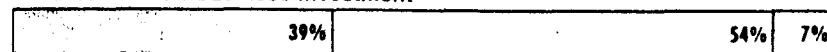
...BUT THEY OPPOSE ECONOMIC SANCTIONS

Q. Should the U.S. government take these steps?

A. Bar new bank loans



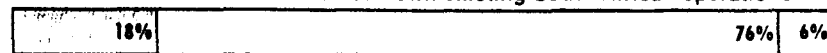
Block all new business investment



End all trade with South Africa



Force U.S. businesses to close down existing South African operations



SURVEY OF 1,254 ADULTS CONDUCTED JAN. 24-27. OVERALL RESULTS SHOULD BE ACCURATE TO WITHIN THREE PERCENTAGE POINTS EITHER WAY.
DATA: LOUIS HARRIS & ASSOCIATES INC. FOR BUSINESS WEEK

HOW TO CUT THE BUDGET AND REFORM TAXES

With the good times continuing to roll for President Reagan and the economy, nobody wants to be a spoilsport. But there is still the matter of the budget deficit, conservatively expected to top \$240 billion in fiscal 1988, that is a serious threat to sustained economic expansion. Moreover, Washington's euphoria seems to be slowing down the momentum built up over the past year for reforming a U. S. tax code that everybody agrees is a morass of inequity and inefficiency. True, the White House keeps insisting that both deficit reduction and tax simplification remain its top priorities. But in today's rosy glow this commitment is beginning to look more and more like lip service (page 102). So it must be said again: The greatest contribution President Reagan could make to the nation's long-term economic health would be to slay the deficit monster, mostly by getting control of federal spending and extensively overhauling the tax code.

A serious effort to accomplish these tasks would mean matching about \$100 billion in spending cuts with \$100 billion in new revenues by fiscal 1990. This would bring the federal budget into near balance by the end of the decade. Except for means-tested poverty programs, cuts should range across the board, including the areas where large savings are possible—military procurement and big-ticket weapon systems—as well as such entitlement programs as Medicare and Social Security.

Care must be taken in raising new revenue not to undercut

economic growth. New levies should focus on consumption, not savings and investment. An energy tax on oil imports and gasoline at the pump could generate a lot of new money—in the case of a gasoline tax, about \$1 billion for each penny of tax.

Tax reform should start with the Treasury Dept. plan to restructure the tax system with a flatter rate schedule and fewer preferences. It needs changes to make it more pro-growth. For example, its less generous depreciation schedules would be too much of a drain on corporate cash flow in the short run. While its idea of guaranteeing full inflation-adjusted cost recovery over the life of an asset is sound, the transition to the new method should be made more gradual.

The reduction in tax rates for both corporations and individuals should be preserved. The doubling of the personal exemption to \$2,000 is required to maintain an equitable distribution of the tax burden. And the provision that capital gains should be taxed as ordinary income after adjustment for inflation is essential if the program is truly to simplify the code.

The benefits of this two-pronged program would be far-reaching. Spending cuts, for example, would take the government out of many areas—medical care, agriculture—where it now encourages inefficiency and runs up costs. A fairer tax code would also allocate capital more efficiently. Admittedly, it would be a tough job. But as President Reagan said at his inauguration: "If not now, when?"

FLEEING SOUTH AFRICA IS NOT THE ANSWER

South Africa's racist apartheid policy is an ugly spectacle. Blacks are not free to live or to travel where they wish. They are generally restricted to low-level jobs, and when blacks lose their jobs in the cities they can be banished to impoverished "homelands." Black agitation for change is often met with arrests and armed resistance by the white authorities. Most important, blacks are denied the right to vote. Some 300 U. S. companies now operate in South Africa. What should they do about apartheid? They should remain in South Africa, seek actively to strengthen the economic muscle of blacks, and, where they can, promote political changes that enlarge black participation. This, in fact, is the direction in which most U. S. companies in South Africa, slowly and often under pressure, are moving (page 38). It is a process that sincere foes of apartheid in this country should encourage, not try to undermine.

Some activists in the U. S. are pressuring U. S. companies that operate in South Africa to fight apartheid more vigorously. But others are trying to force U. S. companies to pull up stakes and leave, arguing that a widespread exodus would shock the government there into reform. Most Americans disagree with such a strategy (page 39). And the majority

of black South Africans would like U. S. business to stay.

Even the Reverend Leon Sullivan—author of the Sullivan Principles, under which many companies have pledged to eliminate discrimination and open new opportunities to blacks—is opposed to U. S. companies withdrawing, although he does feel that pressure will force more of them to sign his code. Over the past five years, Sullivan Principles companies have appreciably improved the lot of blacks, generally paying well in excess of the average minimum wage, leading the way in contributing the millions of dollars that U. S. companies have spent on black schools and on helping to set up black-owned companies with seed money and a guarantee to buy their output. All this makes it easier for progressive South African companies to follow suit. And 134 Sullivan Principles companies, responding to stepped-up agitation against apartheid in the U. S., have just agreed to bring more political pressure on the South African government.

Clearly, this is a record of progress. Just as clearly there is no room for complacency. The U. S. government should speak out loudly and often against apartheid. But forcing U. S. companies out of the country would hurt, not help, South Africa's blacks.

Tuto outlines new job's goals

New York Times News Service

JOHANNESBURG, South Africa — Desmond M. Tutu, winner of the 1984 Nobel Peace Prize, was enthroned on Sunday as Johannesburg's first black Anglican bishop and offered theological justification for a political ministry against South Africa's racial policies.

"All life belongs to God, including politics," he said after his installation ceremony. "If we want not to be involved, then, for goodness sake, we must not worship the God and Father of Our Lord Jesus Christ. Our everyday life is meant to be a working out of our life of worship."

He implored the country's ruling white minority to seek to understand black aspirations.

"It is that we, too, are just ordinary human beings. We, too, love to be with our wives everyday; we, too, want our children to rush out to meet us as we come back from work."

"These are not extravagant de-

mands. They are the expectation of any human being. We want to have a new kind of South Africa where we all, black and white, can walk tall together, black and white, into the glorious future which God is opening up before us."

The bishop renewed demands for economic pressures to force racial changes in South Africa and reiterated that he would court legal action against him by calling for punitive economic measures if there was no dismantling of apartheid within 18 months to two years from this day. Campaigning in favor of disinvestment is illegal in South Africa.

Tutu said he favored increased foreign investment — with the condition that it help end the system of migratory labor and the scrapping of controls limiting the number of black people in "white urban areas."

"I need to add two further conditions," he said on Sunday, "an end to the denationalization of blacks and so

to forced population removals."

Tutu, 53, was chosen last year as bishop of Johannesburg in the face of opposition from white clergymen.

"The problem of our country is not on the border," he declared. "The problem of our country is right here in our midst — it is apartheid, it is injustice and oppression."

"We are accused of mixing politics with religion," he said after a lengthy statement of his political views that encompassed an avowed hatred of communism and a commitment to peaceful change brought about largely by economic pressures.

But, he said, "I have kept saying that what we do or say is based on our understanding of the biblical imperatives and the Gospel of Jesus Christ. The God of the Bible is first encountered not in a religious setting but in an out-and-out political experience, in helping a rabble of slaves to escape from bondage."

Pope urges Peruvians to end conflict

AYACUCHO, Peru (AP) — Pope John Paul II, visiting the heart of Peru's guerrilla war zone, pleaded Sunday "with pain in my heart" for leftist rebels to lay down their arms and end a struggle that has killed 4,000 people.

"The cruel logic of violence leads nowhere," he told tens of thousands at the airport, as a white dove

released before his speech fluttered overhead. "If your objective is that of a Peru more just and fraternal, seek the way of dialogue and not that of violence."

The Maoist guerrillas of Sendero Luminoso, or Shining Path, are based in the region around Ayacucho, which means "corner of the dead."

The guerrillas' stated goal is to

overthrow the democratically elected government — now headed by President Fernando Belaunde Terry — and install a Marxist government. Beside the 4,000 dead, more than 1,000 people have been reported missing in the five-year struggle.

Earlier, a crowd in Cuzco heard the pope attack class disparities, corruption and cocaine trafficking.

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MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

February 8, 1985

The subcommittee meeting of the State Administration was called to order by the selected Chairman, Senator John Mohar, at 9:00 a.m., Friday, February 8, 1985 in room 325 of the State Capitol.

ROLL CALL: All members of the subcommittee were present with the exception of Senator Manning who was excused.

Senate Bill 228 and Senate Bill 229 were discussed.

Proposed amendments were submitted to SB 228. Exhibits 1 and 2.

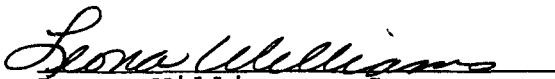
Senator Farrell moved that the subcommittee accept these amendments. Motion passed unanimously.

Senator Farrell moved that the subcommittee accept the proposed amendments to S.B. 229. Motion passed.

The subcommittee discussed S.B. 210 further and chose not to take action but rather to hold it in the subcommittee until they could work it into something acceptable to the whole committee.

The meeting adjourned at 10:00 a.m.


Subcommittee Chairman, Senator Mohar


Leona Williams, Secretary

^{proposed}
amendment to SB 228, introduced (white)

1. Title, lines 6 and 7

Following: "THE" on line 6

Strike: ~~state~~ the remainder of
line 6 through "ADMINISTRATION"
on line 7

Insert: "STATE OR OTHER GOVERNMENTAL
ENTITY"

2. Page 3, line 11.

Following: "(4) The"

Strike: "department of administration"

Insert: "state or other governmental entity"

3. Page 4, line 15.

Following: "(2) The"

Strike: "department of administration"

Insert: "state or other governmental entity"

proposed amendments to
SB 229, Introduced (white)

1. Title, lines 8 and 9.

Following: "PROJECTS" on line 8

Strike: the remainder of line 8 through
"BIDDERS" on line 9

2. Page 1, line 17.

Following: "supplies,"

Strike: "and"

3. Page 1, line ~~17~~ 18.

Following: "all kinds;"

Insert: "construction, repair, and
public works of all kinds,"

4. Page 2, line 15.

Strike: "same"

Insert: "3%"

5. Page 2, line 15.

Following: "preference"

Strike: "the remainder of line 15
through "any," on line 16

Insert: "or that percent"

6. Page 2, line 17.

Following: "residence"

Insert: ", whichever is greater"