

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

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SENATOR MITCH McCONNELL,)	
<u>et al.</u> ,)	
)	
Plaintiffs,)	Civ. No. 02-0582 (CKK, KLH, RJL)
)	
v.)	All consolidated cases.
)	
FEDERAL ELECTION COMMISSION,)	
<u>et al.</u> ,)	
)	
Defendants.)	

DECLARATION OF CHARLES E.M. KOLB

1. My name is Charles E.M. Kolb. I am President of the Committee for Economic Development ("CED"), an independent non-partisan research and policy organization of some 200 Trustees who are prominent business leaders and educators. The purpose of our organization is to propose policies that encourage steady economic growth, increased productivity and living standards, greater and more equal opportunity, and improved quality of life for all.

2. In November 1997, the CED Program Committee decided to prepare and issue a report and policy statement on campaign finance issues. Although this endeavor was somewhat different from the typical CED project, we felt that it was important that we attempt to influence the ongoing debate on this important governance issue. Professor Anthony Corrado of Colby College was appointed Project Director.

3. At this point, CED formed a Subcommittee on Campaign Finance Reform to prepare the policy statement. The Subcommittee's findings and recommendations were then

forwarded to the CED Research and Policy Committee for approval, a group of approximately 60 trustees which set CED policy. I served on both the Research and Policy Committee and the Subcommittee on Campaign Finance Reform. These committees included prominent corporate and academic leaders with experience in the current system of political party fundraising in the United States, including involvement in corporate decision making regarding both contributions of federal dollars, or "hard money," and donation of non-federal dollars, or "soft money," to political parties.

4. In November 1998, the Research and Policy Committee approved the report and policy statement with virtually no dissent. There was little disagreement with the report's findings and conclusions with regard to soft money and so-called issue advocacy. Based on my observations, many Trustees from the business sector were particularly concerned with certain fundraising practices that arose during the 1996 federal election campaign cycle, including the increasing involvement of federal candidates and officeholders in the raising of soft money for political parties.

5. The final report and policy statement, entitled "Investing in the People's Business: A Business Proposal for Campaign Finance Reform," was released in March 18, 1999. A true and correct copy of the report is attached as Exhibit 1 to this Declaration.

6. Following the release of the CED report, Senator Mitch McConnell, as Chairman of the National Republican Senatorial Committee, sent letters dated May 27, 1999 to several CED members. In these letters, Senator McConnell wrote: "let me express my concern that a serious error has occurred [that CED prominently identifies you as a backer of its legislative plan], which may cause some embarrassment to you if it is not immediately corrected." (A true and correct copy of one such letter, with the name of the recipient redacted, is attached as Exhibit 2 to this Declaration.)

7. On June 28, 1999, CED responded to Senator McConnell on behalf of the members of its Research and Policy Committee who received the May 27, 1999 letter. In this letter, we explained the reasons for our position on campaign finance reform and our respectful

disagreement with Senator McConnell. (A true and correct copy of this letter is attached as Exhibit 3 to this Declaration.)

8. Senator McConnell responded by sending a follow-up letter expressing his astonishment and "great concern" that these well-known business leaders would join CED's position on campaign finance reform. Senator McConnell went even further, and in a handwritten personalized note, urged these corporate executives to publicly withdraw from CED. Several of these executives, who work for companies that had significant issues pending before Congress at the time, considered the letters a thinly-veiled attempt to intimidate them with the implied message: Resign and keep quiet, or don't count on doing business with Congress. The New York Times editorial page described these letters as "thuggish," "wounded and threatening" and "intimidating." (A true and correct copy of one such letter which includes a handwritten note from Senator McConnell, with the name of the recipient redacted, is attached as Exhibit 4 to this Declaration. A true and correct copy of the New York Times article and editorial regarding these letters is attached as Exhibit 5 to this Declaration.)

9. Following up on its 1999 report, on October 18, 2000, CED released a survey of business leaders' views on political fundraising. The survey, which was conducted by The Tarrance Group, was drawn from telephone interviews of a random sample of 300 corporate executives employed by major U.S. corporations. The results of the poll are striking. Senior executives of the nation's largest businesses overwhelmingly say the nation's campaign finance system is "broken and should be reformed," and three-in-five back a soft money ban. Nearly three-quarters (74 percent) say pressure is placed on business leaders to make large political donations. The main reasons corporate America makes political contributions, the executives said, is fear of retribution and to buy access to lawmakers. Seventy five percent say political donations give them an advantage in shaping legislation; and nearly four-in-five executives (78 percent) called the system "an arms race for cash that continues to get more and more out of control." (A true and correct copy of the Survey Findings and The Tarrance Group Executive Summary are attached as Exhibit 6 to this Declaration.)

10. As the chase for political dollars has exploded, the business community has increasingly called for reform. As reflected in the Tarrance Group survey, more executives are saying they're tired of the "shakedown" and the unrelenting pressure to give ever-increasing amounts – something some say feels like extortion. This poll demonstrates conclusively that these are not just anecdotal accounts or minority opinions, but rather the widely held views in the top echelons of major corporations. The business community sees a campaign finance system that has evolved into an influence-and access-buying system that damages our democracy and the way public policy decisions are made; and they increasingly feel trapped in a system that doesn't work for anyone. When so many senior executives support spending limits and a partial public-financing system, you know it's time for reform. CED is not a group that casually supports additional government rules and spending.

11. To further show its support for campaign finance reform, on February 11, 2002, on the eve of a contentious House debate over the issue, CED organized a news conference in the Capitol. Among the leaders participating in the news conference were Ed Kangas, former Chairman of the Global Board of Directors of Deloitte Touche Tohmatsu; Warren Buffett, Chairman of the Board at Berkshire Hathaway, Inc.; Harry Freeman, former Executive Vice President at American Express; and more than a dozen other CED endorsers. The endorsers of CED's reform proposals include current and former top executives of Sara Lee, John Hancock Mutual Life Insurance, State Farm, Prudential, H&R Block, Motorola, Nortel Networks, Hasbro, the MONY Group, Chubb, Goldman Sachs, Boston Properties, Saloman Smith Barney, Deloitte Touche Tohmatsu, AlliedSignal, Bank of America, GTE, International Paper, Union Pacific, General Foods, Monsanto, Time, CBS, Fannie Mae, Dow Chemical, Texaco, ITT Industries, FMC, and BFGoodrich. Other prominent Americans on the list include a former Vice President, former Republican Secretaries of Defense, Treasury, and Labor, a former Senator and Republican National Committee Chairman, and a former Securities and Exchange Commission Chairman.

12. I declare under penalty of perjury that, to the best of my knowledge, the foregoing is true and correct.

Charles E. Kolb
Charles E.M. Kolb
President, Committee for Economic Development