

Former Sen. William Proxmire was never tempted by campaign...

By JANET BASS | Dec. 9, 1990

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WASHINGTON -- Former Sen. William Proxmire was never tempted by campaign contributions, especially from cash-laden special interests anxious to please the banking committee chairman, because he felt such money struck at the heart of political corruption.

Now Proxmire's theory on campaign money is being tested by the Senate ethics committee's investigation of five former colleagues known as the Keating Five, including his successor on the banking panel.

Proxmire, D-Wis., refused campaign contributions during his 31 years in the Senate. While other politicians spent hours on the phone and at cocktail parties raising thousands, often millions, of dollars, Proxmire became well-known in Wisconsin for campaigning in a more benign way: shaking the hands of as many constituents as he could.

Proxmire was chairman of the Senate Banking Committee from 1975-1980 and from 1987-1988, when he retired and turned the gavel over to Sen. Donald Riegle, D-Mich.

Now, Riegle and Sens. Alan Cranston, D-Calif.; Dennis DeConcini, D-Ariz.; John McCain, R-Ariz.; and John Glenn, D-Ohio, face ethics charges of accepting more than \$1.3 million in contributions from former savings and loan executive Charles Keating in exchange for improperly pressuring federal regulators to loosen savings and loan regulations.

Since retiring in 1988, Proxmire, 75, toils in a small study room at the Library of Congress, musing on the Keating Five and other issues of the day in a syndicated newspaper column and broadcast commentaries.

Proxmire said in a recent interview that Keating had no reason to meet with him because of the senator's aversion to campaign contributions, and he contends that the Keating Five should have been more cautious when Keating came calling.

'The transparent aspect of this is that Keating is about the most conservative Republican you can imagine,' Proxmire observed. 'And to whom does he make contributions? Liberal Democrats. It's absurd to think he had any interest in the re-election of the people to whom he contributed. He was contributing

because he wanted to buy influence with them, to get them to take action to help his bank. It was so transparent.'

But while he could be smug, Proxmire -- ever the gentleman senators are supposed to be -- blames the system more than the individual senators for Keating Five mess.

'You have to recognize that the system under which they were operating is a very, very corrupt and unfortunate system,' Proxmire said.

'I don't think the individual members of the Senate (including the Keating Five) are dishonest. They are good, decent people whose ethics are better than most,' he said. 'The trouble is, you have a system here that in order to get re-elected, senators feel -- and I feel improperly, they're wrong -- that they have to raise a hell of a lot of money.'

As savings and loans, mainly in the Southwest, crumbled and depositors lost millions, a game of finger-pointing has ensued. Culprits include the federal Home Loan Bank Board, charged with regulating the industry; the Treasury Department; Congress; and the General Accounting Office, Congress's watchdog agency.

Bert Ely, an Alexandria, Va., consultant for financial institutions, blames the Reagan administration, including former Home Loan Bank Board Chairman Edwin Gray, for knowing about the instability of savings and loans in the early 1980s but doing nothing.

He said Proxmire, because of his committee chairmanship, and other members of Congress must bear some responsibility, too, for inaction.

Proxmire, for his part, blames the regulators, who he said were not conducting crucial investigations when thrifts were engaging in risky investments.

'We didn't have any knowledge of what was happening because we had to rely on the regulators ... who weren't making the examinations,' he said. 'The estimates that we got from the Home Loan Bank Board were always optimistic. They said, 'There's no problem. There's going to be some losses, but it's not going to hit the taxpayers.' But then, of course, the bottom dropped out and by that time it was very late to correct the situation.'

Proxmire said the situation in which politicians feel beholden to contributors can be cleaned up by passing a constitutional amendment limiting campaign contributions to 10 cents per eligible voter. Contributors would have to reside in the Senate candidate's state, and in the case of a House race, in the candidate's congressional district.

Proxmire said this could pass because politicians are 'very very unhappy' about all aspects of fund-raising. 'This Keating thing is going to help greatly to galvanize the country in support of an amendment of this kind.'

Meanwhile, Gray -- whom the Keating Five senators allegedly tried to pressure -- called Proxmire his philosophical soulmate because of their shared antipathy for campaign contributions.

During testimony before the ethics committee, Gray was asked if he thought the Keating Five were bought and sold by the savings and loan industry.

'I think they were greatly influenced,' he responded. 'I think the influence of the thrift lobby killed all the reforms we sought. In fact, I know that.'

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