

The Senate Committee on Rules and Administration  
Arnold Hiatt Testimony on S. 1285, the "Fair Elections Now Act"  
June 20, 2007 – 10:00 a.m.

Madame Chairwoman Feinstein, Ranking Member Bennett, and distinguished members of the Committee, my name is Arnold Hiatt, and I am the retired Chief Executive Officer of The Stride Rite Corporation, a position I held for 23 years.

During my tenure at Stride Rite, the company grew from a market value of 38 million to 1.2 billion dollars. The stockholders, pleased with their return on investment of thirty fold, had no objection to my allocating a percentage of pretax earnings to The Stride Rite Foundation which I established and now head to provide early intervention in the lives of at-risk children.

Over the years I have had the privilege to meet scores if not hundreds of exceptional individuals who were running for office or already in office and seeking re-election. Public service is a noble calling and I applaud each and every one who pursues it.

Everyone I've met over the years who aspired to public service on the state or federal level shared a concern—how to finance their campaign. I have served on the finance committees of many state and federal office seekers and incumbents of both parties and as treasurer of one Presidential candidate. So I speak from experience, I think there are several problems inherent in the private financing of our public elections.

First, the current campaign finance system forces good people to spend far too much time talking to far too narrow a slice of our society and at the expense of focusing on the nation's problems. We have a system in which the people we elect – who are elected to serve the interests of all Americans – are required to spend an enormous amount of time raising substantial sums of money, just in order to keep their jobs. Even the most honorable and honest among us must recognize the perverse incentives that are created by this.

Second, campaigns have increasingly become an arms race of money. The result is that very few people can afford to run, or have the type of connections to people with wealth to help finance campaigns. The campaign finance system discourages good people from seeking to serve the country in elective office. I see that on this committee there are Senators who have served their respective parties as chairs of their campaign committees. These Senators can tell you better than I can the first qualification of a potential candidate is whether they have the financial resources – either in their own bank account or access to ready cash from contributors – to be able to run for office. This current system shuts out extraordinary people with a wealth of intelligence and richness of experience but who have little ability to raise the excessive amounts of money it takes to run for office.

I firmly believe that there is a better way to conduct and finance campaigns, and that way is embodied by S 1285, the Senate Fair Elections Now Act. I want to applaud Senators Durbin and Specter for introducing this forward looking legislation. In addition, I want to thank the three members of the House of Representatives – Representatives John Tierney, Raul Grijalva, and Todd Platts -- for their sponsorship of HR 1614, a companion bill.

As you know, this legislation is modeled after laws in seven states and two cities, including Arizona and Maine where the systems have been up and running well for four election cycles. Under the proposal, candidates raise a large number of small donations to demonstrate their credibility with the public and then qualify for a set amount of public money to run their campaigns. Others here have already described the mechanics. Let me tell you why I think it's better than what we have today.

I don't think it is right that because I have succeeded in business I should have more say in who gets elected. Under the Fair Elections Now Act, I will have the same ability to finance campaigns as anyone else. I will be able to make a seed money contribution of \$100 and a qualifying contribution of \$5. I can volunteer as much as I want and I will have one vote.

I don't think we ought to elect the best fundraisers or only those with personal wealth. Good people, under the Fair Elections Now Act, will be able to seek office by doing the hard work of connecting with thousands of voters, rather than raising money from just those who can write significant checks. I like the idea that a candidate has to demonstrate public support in order to qualify for public money, and serve in office. The current system requires that candidates are vetted by those with money. Under public financing, candidates are vetted by voters.

I don't think elected officials ought to be spending time raising money when they could be solving our nation's problems. I think many of you will say – publicly or privately – that fundraising is the worst part of your job, or that you didn't go into public service to spend all the hours you spend on the phone raising money. Well, under Fair Elections, the constant treadmill of fundraising ends. I want elected officials focused on the entirety of society's needs, not talking to the small segment of the electorate – less than one quarter of one percent at last estimate – who make donations of \$200 or more.

Some of you may have heard that I have made a significant number of donations, including \$500,000 to the Democratic National Committee in 1996, which I think was the largest donation ever at that time. What you may not know is the circumstances under which I made that donation. Let me end with that story.

Ironically, I made the donation to hasten campaign finance reform. I wanted to elect candidates who would end the ability of people like me to give large contributions to political parties. Eventually Congress did just that. But the reality is, getting rid of soft money to political parties hasn't encouraged one more candidate to run who wasn't

otherwise going to, and didn't remove the constant pressure on each of you to raise money for your re-elections, and hasn't encouraged one more voter to cast a ballot.

That is the crux of why I am so supportive of the Fair Elections Now Act. It tells Americans that they are all participants on equal footing in our democracy.