

Jack Blum: The story of BCCI did not end when I left the staff of the Foreign Relations Committee in 1999. It didn't end because nothing had been done to go after BCCI and shut it down. And New York was really ramping up its investigation, beginning to call people to the grand jury.

Naomi Fowler: This is the Corruption Diaries from the Tax Justice Network. I'm Naomi Fowler.

Jack Blum: Earlier in the series, we heard about the BCCI scandal - the Bank of Credit and Commerce International.

But now I was out of the Senate and I was trying to figure out what I'd do next. Now, that period turned out to be exactly the period when the S&L crisis was surfacing.

The S&L crisis - or the Savings and Loans crisis - was a big financial failure in the '80s and '90s, really as a result of lax regulation. In the US, Savings and Loans Associations are like building societies in the UK. It was in this context that a frustrated Jack Blum made an entry into politics to run for the Senate.

And it was a kind of replay of things I had seen going back to the 1960s. That crisis was handled very poorly. Almost nobody was prosecuted. They had a couple of egregious cases that were prosecuted, but for the most part, the people who were really involved and at the center of it, skated. And I was pretty upset about that, and Congress, which should have done a lot more, should have acted, should have taken steps to close down some of the windows that enabled it, instead opened the door to even more fraud.

So the solution to failing S&Ls and banks which had gotten into trouble was to give them ever more authority to get into more trouble, and somehow the more trouble they got into, the more the members of Congress and the regulators thought, oh, this'll solve things because now they'll have more money to work with. And the whole logic of it was upside down. The logic was generated by lobbyists for the S&L industry - eliminate the restrictions, let us do whatever we want, and we'll come through this crisis brilliantly!

So, one of the people who was on the Banking Committee was the representative from this district, a former basketball player named Tom McMillan. And Tom McMillan is a member of the Banking Committee, voted down the line with the bankers and took a million dollars-worth of campaign contributions at the same time, even though he was running from a safe democratic system and had no opposition whatsoever.

The first district in Maryland at the time was where I live and this guy was my representative. And I saw that and I was totally offended. So, I decided that I would run a campaign with virtually no money and call public attention to what he had done and what had happened in the committee. And I began this campaign with the help of a woman who had the time and was willing to work with me, and it was just the two of us who went out and began the campaign.

Well, things that happened were really quite educational as far as I was concerned. First, I get a call from the executive director of the Maryland Democratic Party. And what he says is,

you can't really run in this primary, that's, that's wrong. You're going to undermine a, a safe Democrat and you shouldn't be doing this and we don't need this kind of opposition in the primary. Okay, I said, that, that will kind of be a point you've made, but it isn't going to deter me because this guy has done things which require public disclosure and opposition. Then he said, all right, if you're serious about running, here's what you have to do. You have to hire a pollster who will tell you what the wedge issues in this district are. Wedge issues? Yes, those will be the issues that divide the electorate so that if you take a position opposite to the other candidate, you can pick up a large number of votes. And if you can identify wedge issues, and the polls show that you take the position on those wedge issues that will get you a bunch of votes, you can then take the polls to Washington and show them to the lobbyists and the people who run the political action committees and you can then get the money you'll need to run the campaign.

My reaction to it was, you dumb son of a bitch, you can't figure out that that's why I'm running?! That it's my opposition to this system that stinks to high heaven that is what I'm running against?! And the guy was just plain shocked. Because it hadn't occurred to him that anybody would be in it for anything other than the power and the glory, as opposed to substantive reasons for saying this representative has crossed some lines that shouldn't be crossed.

I then began to go out on the campaign trail to talk about the issues. The second major discovery I made was that the local press had never bothered covering anything that had gone on in Washington and they had no idea what the congressman in their territory had been doing with his seat in Congress. So, I now was really up against trying to convince them to take a look at the track record and the things that had happened in the Banking Committee. And this was completely beyond them. And the editors were only interested in covering things as a horse race. And because they were looking at the horse race aspect of it, they said, eh, he's not worth covering because he doesn't have any money and he's not gonna win, so why should we give him any coverage?

I then started getting out to try to again, get people focused on what had happened in the Banking Committee. And the next thing I encountered were questionnaires from interest groups about what was my position. So I got one questionnaire on where do I stand on abortion rights? I got another questionnaire about where do I stand on gun rights? I got questionnaires from interest groups like the veterans and a whole variety of people and the questionnaires were trying to force me to go pro or con, yes or no, up or down, no subtlety, no sophistication, no ability to adequately describe what my feelings would be if there was something more than yes or no.

That came as a shock too because now I, I found that, you know, nobody wanted to hear. It was not only that the press wasn't prepared to talk about, but it came to a lot of the constituent groups only wanted to hear about what they were concerned about. Then we had these candidate forums and I would come to the candidate forums and I would talk about issues and people in the candidate forums were somewhat confused because I was talking about stuff they didn't know anything about because the local press hadn't covered it, nobody made an issue.

My opponent didn't really talk about what he had been doing except to say, you know, he had voted with the Democratic Party, that he'd gone down the line, and, you know, he pointed to these various partisan, how did you vote scorecards, which are very prominent and never sort of came to grips with the issue. But, in addition, what he did was he dispatched his full time press staff guy to be the person who stood in for him at a lot of the candidate forums. And I finally got so angry about it, at one forum I stood up and I said to the guy, get off this stage, you have no right being here. You're a federal employee. You're barred by the Hatch Act.

Naomi Fowler: The Hatch Act was passed in 1939, and it was supposed to prevent civil servants from political campaigning.

Jack Blum: And if anybody's going to show up here to speak, it's going to be the candidate himself. And you can't do that! And when I threw the guy out, I got a round of applause from that particular audience. But once again, the press didn't bother covering it because, after all, the election was a foregone conclusion.

Then I begin to realize that my opponent is using the tools of his office to campaign. And by that I mean he's got an office in the district, he's got telephone lines, he's got staff, he's got mailing rights although he was careful not to put campaign flyers on his franc. He's certainly saying, look here's who you call for constituent services, that sort of thing.

And then the grand finale for me came when I started going to sort of meet and greet voters in these different clubs, Democratic clubs around the district and that came as a very rude shock because walking into the Democratic Club in one of the areas nearby, the first thing that happened was somebody came up to me and said, so glad you're running! Oh, thank you, what, what are your issues, what are your concerns? He turns around and says, well, the trouble with this Democratic Party here in Maryland is there's too many Jew boys and too many, and he used the 'N' word. And you know, nice to have somebody white who's in this and, and running, and I'm, I'm like, okay...and these are the people I'm supposed to persuade both for me in the primary!

All of this was a lesson in why politics had become fractured, and remember, this is 1990, it's not, not Trumpian, it's not in an era that's close to where we are today that everybody talks about, but it's, it's a picture of the elements that were breaking American politics and they've been in place for quite a while. But for me, it was an enormous educational experience.

The good news is that despite all of the above, I got about 20 percent of the vote in the primary. And as usual, there was exceedingly low turnout. But more important, in the next election, a liberal Republican picked up on the things I'd said about his campaign money and his votes in committee and ran radio commercials and the commercials were - and do you who know your congressman who's taken money from? And then he sort of went down the list of all the people who had contributed to him all of the PACs and the lobbyists and so on, and he lost the next election.

The business of money is speech is a ruinous proposition, and it, it, it sort of gives power to entities that have enormous interests and who want to push both regulation, supervision, and democracy out the door so they can get what they want and they need to make the most money possible. And I think it's, it's ruinous to American politics and democracy.

It's a situation that has gotten progressively worse step by step. I could see it beginning at the time that I worked in the Senate the second time around. By now, the situation is infinitely worse because when a member is elected, the first thing he's told is he's got to go to the Democratic National Committee headquarters of the Republican Club and each of these places will have a little carrel for him to sit and dial for dollars and they're all expected to go to these places and dial for dollars for something like three or four hours a day. And they can't do it from their offices because fundraising from a Congressional office is illegal. But if you go off the immediate Congressional offices to the political party headquarters, you're free to do what you want. So, this business of the dialling for dollars and then the committee seats are fought over by the members, everybody would like to be either on the Banking Committee or the Ways and Means Committee. And the reason is simple, that those committees control the things that have corporations interested and corporations willing to make enormous campaign contributions to people who sit on the committees, because that's where the action is. And if you have one of those seats, you can raise a lot of money and then you can give some of the money you raise to other members and it increases your power. And it increases the pull of the party. So, think of the newly elected member who hasn't got the pull to get on the important committee. He now is in the situation of depending on the money coming from the party in the center and the people in the center are the ones who are giving in to the money interests in order to get the contributions. And all of this is completely pernicious and undermining of any kind of democratic rule and it means that there's very little surprise when people have the feeling that they're disconnected and their government doesn't work for them.

We really should begin a campaign to amend the Constitution so that it's clear there is a right to regulate the contributions, because the democracy has a right to protect itself.

Naomi Fowler: The Corruption Diaries is a production of The Tax Justice Network, made by Naomi Fowler and Jo Barratt. Interviews with Jack Blum were recorded over several days at Jack's home in Maryland by Zoe Sullivan.