**From:** Arnold Hiatt [mailto:ashiatt@gmail.com]   
**Sent:** Monday, May 20, 2013 3:04 PM  
**To:** Nancy Pelosi (Personal)  
**Cc:** Missy Kurek  
**Subject:**

Dear Nancy:

I did hear from John Larson shortly after our lunch in Boston and then again last week. I believe that he is a very decent and thoughtful man and understandably wants to gain acceptance of a reform effort by as many members of the caucus as possible. Blending the Price and Sarbanes proposals, however, is a compromise that would be counter productive.

The design of the bill should be to earn and keep the trust of ordinary Americans and excite broad grassroots support. If we were close to passing a bill, then compromise would make sense.  But at this stage, the aim must be to lead in a way that inspires.  The caucus must give the reform community something to get excited about.  It must offer reform that would credibly change the way the system now works.The Price proposal plainly plainly fails to do this. The key objective of any reform must be to radically increase the number of small donors into the system. Price by contrast subsidizes large contributions, without substantially increasing the number of small donors.  It will not be seen to be a dramatic shift from the status quo.

While a matching grant proposal should be part of any package, it is critically important that the caucus also include other ideas that will more certainly increase the number of small donors.  Whether through tax credits or franchise coupons, the system must give each voter a direct and easy way to participate in the funding elections.  Tax credits would give intermediate organizations like unions or the NAACP a direct and obvious way to organize their members to fund the campaigns they support.

Americans look on the past 30 years of campaign finance reform as well intentioned, but a failure.  They will only take seriously reform that clearly and credibly changes the system.  This is not the moment for compromise.  It is the moment to inspire.

Best, Arnold