

# Big Funds Edge Out Voters, Study Says

Officials say they fear funds from the wealthy could sway political power away from the average voter.

By ALEX KAPLUN  
Staff Writer

A study demonstrating that big money has a heavy influence on the N.C. governor's race has caused some to worry that the average voter is being squeezed out of the political process.

A study released Thursday by the Chapel Hill-based Democracy South demonstrated that a small number of contributors were financing most of the campaign in the N.C. gubernatorial race.

The study indicated that the five candidates had raised a total of \$6.4 million. But 80 percent of that came from the donations of just 2,100 individuals.

The study showed that, through June 30, 80 percent of all the money raised by gubernatorial candidates came in the form of contributions more than \$1,000.

People who gave more than \$2,500 constituted 50 percent of all funds raised.

A single individual can donate a maximum of \$4,000 to a campaign, but a contribution can be made during both the primary and the general elections.

Donations of less than \$100 made up less than 4 percent of the total contribution. "It's a very small contributor class in North Carolina," Democracy South Executive Director Pete MacDowell said.

MacDowell also said many contributors gave money, not because they supported the candidate, but because they wanted to strongly influence people in government.

This was demonstrated in the study by the fact that at least 60 percent of the individuals who contributed more than \$2,500 gave money to more than one candidate. Of those, more than 40 percent donated to candidates from opposing parties.

MacDowell said it was disturbing that a small group of people had so much influence over a state with a population of 7.5 million.

"It shows that a very small minority of people are the king-makers in North Carolina," McDowell said.

McDowell also said the financing process needed to be changed to a system used in several other states, including Arizona and Maine.

In those states, a candidate with a certain number of small contributions could receive public financing.

A bill, dubbed the N.C. Clean Election Act, was introduced in the N.C. House last April that advocated public financing for state elections.

The bill was referred to the Election Law and Campaign Finance Committee and will likely be considered by the N.C. General Assembly when it reconvenes in May.

Proponents hope that the bill will allow candidates to focus on issues instead of cultivating donors.

Jack Hawke, a spokesman for the N.C. Republican Party, said candidates often had to devote a great deal of resources to finding new campaign contributors.

But he said every campaign tried to expand its contributor base, thus open-

ing the political process to more and more voters. "Every campaign attempts to bring in more contributors and a larger base, but sometimes it just doesn't happen," he said.

"There is no attempt to close anyone out, just the opposite."

Political science Professor Thad Beyle said such practices had become common in both state and U.S. politics.

The issue is a major plank in presidential candidate John McCain's platform and could be a major campaign issue.

Beyle said candidates tried to get large contributions early in the campaign process so they could remain competitive in the race.

"The candidates go out and get early money - usually big money to stay in the race," Beyle said.

In recent years money had become a major factor in political campaigns, Beyle said. "I think this demonstrates that money politics is important," Beyle said. "It's this way in every state."

The State & National Editor can be reached at stntdesk@unc.edu.

# N.C. Newspaper Inquiry Targets Fort Bragg Buys

Associated Press

FORT BRAGG - An investigation of purchases made on a credit card at Fort Bragg shows that officials have bought items ranging from taxpayer-funded fishing trips to a \$7,500 live Christmas tree.

In nearly every instance, the government told The Fayetteville Observer that the purchases met the military's regulatory guidelines.

Retired soldiers say there is nothing new about the purchases.

The card allows soldiers to bypass the cumbersome military system for making purchases for everyday supplies. It allowed officials at the post to buy a Christmas tree, one which is turning brown and bare near the bottom and was damaged by ice.

"At first glance, it's a high price to pay," said Lt. Col. Jim Hinnant, a spokesman for the 18th Airborne Corps and Fort Bragg. "But if you buy it like we did, for the long term, we think it was a reasonable price."

The Fayetteville Observer reviewed more than 330,000 IMPAC purchases by Fort Bragg cardholders over the past three years. The newspaper sought receipts for more than 300 of those transactions to find out what the Army bought, and 100 of the records were selected at random. The others were selected because of questions about the cost or place of purchase.

In addition to the fishing trips and Christmas tree, the study also found

retreats to ski resorts, expensive dinners, tours to aquariums for foreign soldiers visiting Fort Bragg and baseball game tickets. The Christmas tree was bought under a regulation that allows tax money to be used on decorations.

Post officials say IMPAC simply streamlined what used to be a cumbersome process and made the records accessible. But some critics say a number of the purchases fail to pass the simplest guideline of all - common sense.

"When the public sees these things, it's difficult for the public to trust that (military officials) are actually trying to balance their books," said Keith Ashdown, a spokesman for the Washington-based Taxpayers for Common Sense.

Ashdown and his boss, executive director Ralph DeGennaro, said the oversight of all expenses was especially important as the Department of Defense struggles with major funding issues like raising military salaries and paying for the F-22 fighter jet.

"Taxpayers get mad because they know it's just the tip of the iceberg," DeGennaro said. "Average people don't know how much a tank should cost or a missile should cost. But they know how much Christmas trees cost."

Taxpayers paid for at least five religious retreats, some to ski resorts and one to a deep-sea fishing excursion.

Taxpayer-advocacy groups say some of the examples show problems in the program that could point to a pattern of waste.

# Report: Income Gap Widening as Economy Booms

Some pundits question the accuracy of a report indicating a growing divide between rich and poor.

By ALICIA GADDA  
Staff Writer

America has adopted a modern-day caste system over the last 20 years, making the rich richer and leaving the poor behind, if a recent study is accurate.

But some analysts say the results might be misleading.

The average income of the nation's richest 20 percent is \$137,500 and the average of the poorest 20 percent is \$13,000, the report presented by the Center on Budget and Policy Priorities stated.

Based on census data, the study indicated the income gap between rich and poor had widened in 46 states since the late 1970s.

UNC Department of Economics Chairman David Guilkey said the growing wealth of the upper classes could be attributed to their increased investment

activity as Wall Street booms.

"It's not necessarily that their wages have gone up dramatically, but that their earnings from investments have gone up dramatically," he said.

Guilkey added that decreasing unemployment levels did not counter class gaps. "A lot of the people who used to be unemployed are getting entry-level jobs," he said.

Study co-author Bob Zahradnik of the Center on Budget and Policy Priorities also said the changing job market increased economic differences.

"The reason for wage inequality is that there's been a decline in manufacturing jobs and an increase in service sector jobs," he said.

Zahradnik said the economic gap had narrowed in the South, but that this reflected historically bad wages and economic situations.

He said the upper fifth of North Carolinians had a 40 percent income increase over the last 20 years, while the lower fifth's income had stagnated.

Dan Gerlach, director of the N.C. Budget and Tax Center, said the economic gap could split the state.

"Ultimately, in a democracy, if we're

"I think probably hidden in that data is the fact that the lower classes are making more than they were."

THAD BEYLE  
UNC Political Science Professor

growing apart, we're becoming two North Carolinas," he said. "Just a few people are getting so much richer."

Zahradnik said the states could find a solution through increased minimum wage, improved income support programs, tax reform and heightened social programs.

But not all analysts agreed with the results of the study. UNC political science Professor Thad Beyle said the study was suspect.

"I think probably hidden in that data is the fact that the lower classes are making more than they were," he said. "But the gap is still there."

Ed Hudgins, director of regulatory studies at the Cato Institute, also questioned the study.

He argued that it only examined income before taxes, despite the fact that wealthy people pay higher tax rates. He also said one of the study's major problems was that it took income into account instead of overall wealth.

"Poor people get lots of government benefits, but those are not counted in income figures," he said. "Even the poorest people are better off than they were 15 years ago."

But Dennis Orthner, a professor in the School of Social Work, said government programs to combat poverty were not doing what they should.

"Safety-net programs have not been indexed for inflation," he said.

Orthner said taxes were also geared towards the interests of the rich and that the United States had become apathetic to the poor. "As we've become more conservative as a nation in our policies and politics, the interest in helping those who are disadvantaged is declining."

The State & National Editor can be reached at stntdesk@unc.edu.

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