

UNDISCLOSED DISCLOSURES?

A Passive Approach to Campaign Finance Reporting

by Martin Donsky

The Campaign Reporting Office of the state Board of Elections, set up to administer the campaign finance reporting law enacted by the General Assembly in 1974, has focused exclusively since it was established on processing reports of contributions and expenditures required to be filed under the law. Two full-time clerks spend most of their time reading the reports looking for obvious errors such as the failure to list the address or full name of a contributor, checking the arithmetic, and filing the reports neatly away.

By no means is this processing unimportant. The law, enacted to replace the old, loophole-strewn Corrupt Practices Act, requires candidates to register with the Campaign Reporting Office and, during the campaign, to file periodic reports of contributions and expenditures. The reports, which are open to public inspection, must identify all contributors who give more than \$50, and they must itemize all expenditures. But checking the reports is only one of several things that must be done to insure that Tar Heel voters know as much as possible about campaign money---the "mother's milk" of electoral politics.

The law itself has some key weaknesses, and there is no reason why the elections board should not actively lobby for the needed changes. For example, the campaign law does not require identification of contributors' occupations. Without such information, it is difficult to determine which interest groups are lining up behind which candidates.

An analyst thoroughly versed in Tar Heel biography should be able to pick out the most prominent contributors to specific campaigns, but unless occupations are identified there is no way to determine the full extent to which members of any particular interest group, be they doctors, lawyers, bankers, textile executives, anti-abortionists, or environmentalists, are providing money to selected candidates. As a result, there is no way to examine a politician's voting behavior after the election in terms of his

financial backers.

The elections office could do more with the information it already receives from candidates. It could easily publish periodic reports listing the amounts of money raised and spent by candidates in various campaigns. It could also, on its own initiative, inform the public of how much money was spent in different campaigns and during an entire election season. All this information could be provided in an annual report. After several years, the Campaign Reporting Office could begin charting contributions and expenditures, watching to see whether each succeeding campaign is more or less expensive than the preceding ones. Further, the Campaign Reporting Office, simply by spending some time reviewing the reports, could also provide information on such topics as media expenditures, use of campaign consultants, dependency on bank loans, and candidates' use of personal funds to campaign for office.

None of this is currently being done. The reason is simple. The officials charged with day-to-day administration of the law---state elections director Alex K. Brock and Mrs. Rosemary Stowe, head clerk of the reporting office---do not see their roles as requiring aggressive monitoring of the financial underpinning of political campaigns.

Take Brock's approach to the budget of the Campaign Reporting Office. Since the office's inception, he said in an interview, the yearly budget has been about \$60,000 or \$70,000. He has never sought an increase from the General Assembly. (The office also has a reserve fund. The legislature appropriated \$50,000 in 1974. Brock said \$32,000 of that \$50,000 is left).

Mrs. Stowe, a former legal secretary, and another clerk are the only full-time employees in the reporting office. During campaign seasons, Brock hires two part-time clerks, usually using secretaries who worked in the General Assembly. Brock said it would be possible for the Campaign Reporting Office to issue periodic public reports, but "We have the information here. If the press or anybody else for that matter wants it they can print it."

Brock acknowledges that he does not take an activist view of monitoring campaign finance. He uses two words to describe the reporting office's chief job---"administer" and "process." He says the office is primarily concerned with making sure that candidates register when they declare their candidacies,

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Elections director Alex Brock says the reporting office's job is to **ADMINISTER** and **PROCESS**.

and file required reports of contributions and expenditures on time with the Campaign Reporting Office.

The results of that attitude are perhaps best demonstrated by the case of a political committee that calls itself the North Carolina chapter of the National Committee for a Two-Party System. The committee was formed in the early 1970s by some prominent black politicians, including Soul City developer Floyd McKissick and Larnie Horton, former president of Kittrell College who served as a political aide to former Gov. James E. Holshouser Jr. The committee's primary purpose was to promote black involvement in the Republican Party which, in North Carolina as elsewhere, has been largely white.

In the fall of 1974, the committee contributed at least \$5,000 to Tar Heel candidates on the ballot that November. Among the recipients of funds was William E. Stevens, the GOP candidate for the U. S. Senate.

Following the disclosure requirements of the campaign reporting law, the candidates listed the contributions in their official reports filed with the Campaign Reporting Office. Three of the candidates, all of whom were seeking seats in the N. C. House of Representatives, reported contributions of \$1,000 each from the committee---fairly sizeable gifts for a race at that level.

The law also requires political committees such as the McKissick-Horton organization to disclose their financing with the reporting office. But the organization never bothered to take the first step in the public disclosure process---simply registering as a political committee with the Campaign Reporting Office. The committee did not register, or file any statements of contributions or expenditures, until the fall of 1975, nearly 12 months after the elections. And it did not register until after newspaper reporters, examining records in the Campaign Reporting Office, discovered on their own that the committee had made political contributions but had neither registered as a committee nor filed reports of contributions and expenditures.

Mrs. Stowe was quoted in a Sept. 23, 1975, article in the *Durham Morning Herald* as saying she was unaware of the group's existence until she was shown records in the previous two weeks of candidates who reported receiving money from the committee. Subsequently, the committee, under pressure

from the elections board (which, in turn, was under pressure from the news media), registered and filed a financial report.

One question remained. Why didn't the clerks in the Campaign Reporting Office detect the violations on their own? After all, both Brock and Mrs. Stowe have said on several occasions that the office "audits" all reports (Neither will discuss the audit procedures, because, they say, they don't want to give away any secrets). I asked Mrs. Stowe that question. She shrugged her shoulders, gave me a puzzled look, and said simply that she had never heard of the organization until I asked her about it.

The Campaign Reporting Office did not discover in its own "auditing" of campaign reports that the committee was not registered because nobody bothered to check. But isn't checking precisely the job of the office?

Brock, a skilled politician who has served as elections director for more than a decade with little controversy, defends the reporting office's conduct in the matter of the Horton-McKissick political committee. The reporting office does not have staff or the time to search out would-be violators. The office, he said, relies on the press and others to provide it with such information.

To search out violators---to aggressively monitor the law---Brock declared, would anger the General Assembly. The legislature, he contends, has never liked the disclosure law and, even though it has had nearly five years to get used to the law, is still leary about it. "We have found that with the sentiment being what it is in the General Assembly that our operation has had to prove itself to members of the legislature. We feel we are performing the exact role the legislature wanted," he said.

Brock clearly believes that his thinking is in tune with the General Assembly. That may be true, but it is highly questionable whether the legislature is in tune with the public.

Public disclosure of campaign financing is here to stay. The politician who occupies the governor's office now was the moving force behind adoption of the 1974 law (it was an issue in his 1972 campaign for lieutenant governor) and has been a staunch defender of it since then. Perhaps it is time for Jim Hunt's 1976 campaign theme---a "new beginning"---to be applied to the Campaign Reporting Office. □