

In The News: Money Matters

by Jessica Green

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"We mutually pledge to each other our lives, our fortunes and our sacred honor." So declared the General Congress of the United States in the last phrase of the Declaration of Independence.

Two hundred and twenty four years later, the members of Congress, or would-be members, are certainly pledging their fortunes, though not to each other.

At a time of year when most Americans are attending barbecues, watching fireworks, and walking in neighborhood parades, American politicians are doing the same thing--except they are doing it for money.

If in the United States Constitution the word "money" appears just a couple of times, and "political campaign" not at all, the two are just about inseparable and ubiquitous nowadays, especially at this time of year. To be elected, you need, in the stirring words of Rick Lazio, "a ton of dough." But the act of acquiring it--through contributions, fundraising and business deals--forces the current generation of candidates to exhibit perhaps a tad less sacred honor than the Founding Fathers.

Consider: Jon Corzine, candidate for New Jersey's Senate seat, clinched the Democratic nomination, defeating former Governor Jim Florio. It cost Corzine \$35 million. And that was just the primary. Corzine does not seem concerned about the expense, which may be because the personal fortune of this former chairman of the brokerage house Goldman, Sachs is estimated to be around \$400 million.

Corzine's Republican contender, Bob Franks, isn't quite as nonchalant. It's estimated he'll need at least \$12 million to compete. Thus far, he's raised slightly more than \$2 million. He's already trailing his opponent in the polls, 43 percent to 36 percent.

It's different on this side of the river. New York's Senate race gives some testimony to the idea that money isn't, in fact, everything. Though he entered the race late, and is \$10 million behind his opponent, Lazio has pulled into a dead heat with Mrs. Clinton. A recent Marist poll put them at 42 percent each, with a four percent margin of error.

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Still, Lazio is madly fundraising, hoping to close the gap in funds between him and the First Lady. And that's only the beginning of his financial woes. Lazio is being investigated by the Securities and Exchange Commission for insider trading. An apparent neophyte in investing, Lazio nevertheless earned a 600 percent profit in seven weeks, trading stock and options in a brokerage company controlled by contributors to his campaign. State Comptroller H. Carl McCall wrote a letter to the SEC asking for an inquiry. Since McCall is both a political ally of Hillary Clinton, and a likely candidate for Governor in 2002, the Lazio camp dismissed his letter as a political stunt. The SEC, nonetheless, has already begun investigating.

A recent report by the Albany Times Union notes that 18 percent of Lazio's campaign contributions came from real estate, securities, insurance, legal, mortgage and banking sectors - all of which have legislative dealings with Lazio, in his capacity on the House Banking and Financial Services Committee, and on the Commerce Committee.

The First Lady, of course, has had her share of legal and ethical problems relating to finance, though nothing lately.

Jessica Sounds Off:

Jon Corzine defended his extravagant spending in the New Jersey primary as an investment in the kind of party-building that the Republicans have done for years. Now it seems that the Democrats are doing the party-building, with the help of suddenly generous baby-boomers and aging hippies. As a result, the Democrats have a financial advantage in the contest for control of the House. The Democratic Congressional Campaign Committee has raised a little more than \$15 million in soft money; the Republicans just \$10 million. Will a mere five million dollars buy control of the House? You can barely get an apartment in Manhattan for that.

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