

The ‘Joyce Affair’ changed party funding in Britain forever, and possibly also our understanding of how reform occurs

democraticaudit.com/2015/10/02/party-funding-in-britain-has-changed-by-the-joyce-affair-forever-and-so-might-our-understanding-of-how-reform-occurs/

By Democratic Audit UK

2015-10-2

On the evening of February 22nd 2012, there was a fracas in the Strangers’ Bar in the House of Commons involving Falkirk MP Eric Joyce, who was suspended by the Labour party and announced that he would be standing down at the 2015 General Election. The subsequent Labour selection process was dogged with [accusations of corruption](#) and vote rigging by Unite. The [Collins Review](#), set up in Falkirk’s wake, introduced an agreement that union members would opt-in to paying the political levy. But to what extent can we understand this as a pivotal moment in the financing of politics?

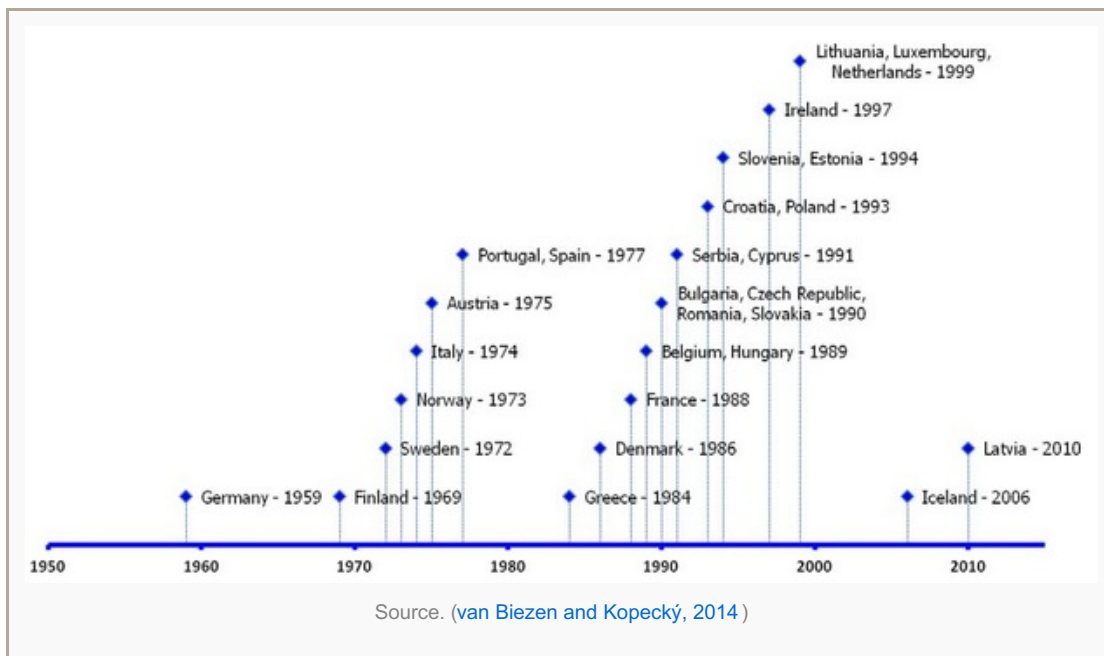


Grangemouth, in Falkirk back in 2006 [Credit: [Graeme Maclean, CC BY 2.0](#)]

Party funding regime change – what we know

In Europe, party funding regime change – or indeed proposed party funding regime change – tends to manifest itself in a move *from private to public subsidisation* and not vice-versa. This is an undeniable trend from Germany in 1959, to Latvia in 2010 (see figure 1). Great Britain remains ‘[exceptional](#)’ to this trend. British exceptionalism has been explained as the interplay interplay between historical and normative *institutions*. First and foremost legislation in Great Britain can be seen as a historical echo of previous legislation. In this sense historical precedents provides a constraint on other policy options (for example, increased state funding). [Secondly](#), in Britain there remains a *normative preference* for the notion of political parties surviving from voluntary donations and membership subs.

Figure 1. Introduction of significant state subsidy



This normative preference remains despite a seeming consensus that the current way in which we fund political parties is not fit for purpose. For example in the 2010 and 2015 General Elections, the [manifestos](#) of the then three largest parties all included a pledge to discuss the introduction of party funding reform legislation. All attempted negotiations have moved forward on the understanding that cross-party consensus would act as the foundation. During the course of my research, it has become apparent that there are three key institutional stumbling blocks, or *locks*, that have halted the progress of reform.

British exceptionalism – the institutional locks

Firstly, the problem of navigating *public opinion* has meant politicians are unwilling to move forward with reform. As [I have shown elsewhere](#), although the public believe that the current system provides opportunity for private donors to buy influence – the proposed system which includes a cap on donations and an increase in state subvention is equally undesirable. This lack of public support – particularly in a time of austerity – is seen by many as one of the key reasons for party funding inertia.

Secondly, there is a fundamental disagreement over important *sources of party funding*. This revolves around issues of whether trade union donations should fall under a general cap on individual/institutional donations – they arguably represent a collection of a large number of smaller donations from individual trade union members. However, the fact that the system requires union members to opt-out of paying into this political fund meant that many in the Conservative party felt that Labour was being funded, in part, by people who did not support the party. However, the proposed opt-in, to many, misunderstood both the fundamental history of the link between the trade unions as a foundation of the Labour party, and trade unions as a *collective* organisation. Talks would consistently break down over the sticking point between a cap (and the level of the cap) on donations on the Conservative side, and the opt-in/opt-out on the Labour side.

Table 1. Conservative, Labour and Liberal Democrat manifesto commitments to party funding reform (2010 and 2015)

	Conservatives	Labour	Liberal Democrat
2010	We will seek an agreement on a comprehensive package of reform that will encourage individual donations and include an across-the-board cap on donations.	Our starting point should be the Hayden Phillips proposals of 2008. We will seek to reopen discussions on party funding reform, with a clear understanding that any changes should only be made on the basis of cross-party agreement and widespread public support.	Get big money out of politics by capping donations at £10,000 and limiting spending throughout the electoral cycle.
2015	In the next Parliament, we will legislate to ensure trade unions use a transparent opt-in process for subscriptions to political parties. We will continue to seek agreement on a comprehensive package of party funding reform.	Labour remains committed to reforming political party funding and taking the big money out of politics by capping individual donations to parties.	Take big money out of politics by capping donations to political parties at £10,000 per person each year, and introducing wider reforms to party funding along the lines of the 2011 report of the Committee on Standards in Public Life, funded from savings from existing government spending on politics.

The third institutional lock is one of *timing*. [The best opportunity](#) for talks to be successful is early on in a parliamentary cycle, before difficult decisions become complicated by other events. An important negotiator from this time suggested to me that ‘every time we have edged towards some sort of agreement we have also run in to the big money collecting time for the next general election.’

Has the lock been picked?

[It has been argued](#) that the concession of the opt-in, by Labour, not only represents a major step-forward in reform efforts, but that it also puts them at a tactical advantage in future discussions about reform – objections from other parties would be harder to justify. However, the current Trade Union Bill ([which just passed Second Reading](#)) includes the opt-in and there has been remarkably little heard from the Conservatives regarding the introduction of a donations cap in return. Indeed, Labour removed a key source of their funding, without anything in return from the Conservatives.

Negotiations surrounding party funding reform were described to me as being like a ‘game of chess... there’s a lot of moves you can make, but also a lot of checks that you can walk into’. If this is the case, then maybe the Labour party have been checkmated – worse, maybe they checkmated themselves. In her final PMQs as acting leader, Harriet Harman accused the Conservatives of ‘[rigging the rules](#)’ of the game. The problem is, the Conservatives might simply have stopped playing altogether. The further implication of this exchange is that these actions amounted to a radical break from the agreed consensual approach to party funding reform, that the *consensus paradigm* had been breached.

The consensus paradigm is not unique to British negotiators, in fact, though academic work on why party funding reform occurs is somewhat light on the ground (with a [few honourable exceptions](#)), consensus is seen to be key. Therefore, if the consensus paradigm has been breached, the ripple effects of this event will not just effect British politics, but perhaps our understanding of how reform occurs in a more general sense.

The potential outcomes

Continued inertia – though the acceptance of the Collins report represents the removal of a key institutional stumbling block, the Conservatives are under no real obligation to enact further reform. In this situation party funding reform – understood in the Hayden Phillips/CSPL model as a significant cap on individual/institutional donations – would become likely only in the event of a large party funding scandal, or perceived scandal.

Conservative pragmatism or ‘David Cameron’s tin hat’ – though the Conservative party are under no real obligation to include a cap on donations (or a reopening of talks on party funding) along with the opt-in, they do. Motivations for this approach are two-fold. Firstly, cross-party talks are more likely to prove successful with the removal of the opt-in – therefore, electoral damage over the introduction of an unpopular policy will be spread out and/or minimised. Secondly, there is a sense that many in political parties would rather not raise money in a way that is seen to be grubby and underhand. Although party funding scandals can often be [‘artificial and bogus’](#) they feed into a wider malaise and distrust with the political process, therefore David Cameron should ‘put on his tin hat’ and secure further state funding of parties.

The death of consensus – the Conservatives feel under no obligation to enact a cap on donations to go with the opt-in. This potentially represents the most impactful of outcomes – both for British party finance and for our understanding of how party finance reform works. In this scenario consensus is replaced with (exchanged) partisan reforms. A cap on donations is not put in place until the Conservatives are no longer in power, at this point the opt-in is unlikely to be repealed, more likely a cap on individual/institutional donations is introduced. This approach would call into question the consensus thesis forwarded by both academics and party funding reformers alike.

Whilst it remains uncertain what the exact ripple effects of the brawl in the House of Commons will be, this event could very well represent a critical juncture in British party finance reform. Even if the bill does not pass, the opt-in has been conceded – this fundamentally changes the lay of the land when it comes to future negotiations. If the bill does pass this event represents a shock either to the party funding system, the consensual paradigm in which we view reform or, indeed, both. Though the changes in the Collins Review have understandably focused on the wider implications of how Labour came to select Jeremy Corbyn, it should not be forgotten that he leads a political party that, one way or another, needs money to survive.

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