


Party funding reform: Canadian experience suggests a negotiated settlement is essential

 democraticaudit.com/2011/09/01/party-funding-reform-canadian-experience-suggests-a-negotiated-settlement-is-essential/

By democraticaudit

2011-9-1

*Despite sweeping reform by the Political Parties, Elections and Referendums Act in 2000, the UK system of party funding regulation remains bedeviled by periodic scandal and pervasive public distrust. The case for further reform to detoxify the issue is now widely-accepted within all the major political parties, and has been echoed by a succession of official reviews. **Stephen Crone** suggests that the UK look to Canada for inspiration.*

Yet cross-party agreement on the precise structure of a new financial regime has thus far proven stubbornly elusive. In the recent past, this lack of consensus has acted as a block on reform, as all parties have tended to agree that no solution to the vexed question of party funding should be implemented before first arriving at a full and comprehensive agreement.



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However, with yet another official review – this time by the Committee on Standards in Public Life – set to report later this Autumn, there is now some suggestion that the coalition government may be willing to break this convention, if necessary, in order to finally move beyond the impasse in inter-party negotiations and make good on its [declared intention to 'remove big money from politics'](#) .

As I suggest in a [Democratic Audit briefing published today](#) , the experience of Canada offers an excellent insight into whether an imposed settlement would be a good idea or not. Canadian politics has experienced the fallout from two major reforms to party funding law – the first passed *with* the assent of all the major political parties, and the second forced through *without* it.

The first of these two reforms was the *Election Expenses Act* of 1974. Among other things, it introduced expenditure limits; disclosure requirements; and a system of indirect state funding based around tax credits. Passed with the [support of each of what were then Canada's three largest political parties](#) , the Act successfully addressed the growing concern over party funding arrangements in Canada and survived more or less unchanged for almost thirty

years.

The contrast between the 1974 Act and the next major reform of Canadian party funding regulations could hardly be more stark. Passed in 2003, Jean Chretien's Bill C-24 changed the landscape of Canadian party finance by introducing donation restrictions and increased public funding to the existing regime. Yet unlike the *Election Expenses Act* of 1974, Chretien's proposals did not command full, cross-parliamentary support: the Progressive Conservative Party and the Canadian Alliance both opposed the Liberals' bill, and their successors – the Conservative Party – have since gone on to make further radical changes to the laws when in minority government between 2006 and 2011.

Stephen Harper's newly-elected majority government has recently announced its intention to phase out one of the cornerstones of the 2003 settlement, the money-per-vote subsidy, in a move which is widely-predicted to have a devastating impact on Canada's opposition parties. (The Conservatives in Canada had previously tried, and failed, to do this once before, when governing as a minority).

Although Canada's new regime of federal party funding regulation has had many salutary effects on the quality of Canadian democracy, the decision to adopt a unilateral approach to reform in 2003 has therefore left an unenviable legacy of partisan reform and uncertainty over how the regulatory structure may evolve in the near future. While it would clearly be easier for the UK's coalition government to pass far-reaching reform of party funding law without the agreement of its main political rivals, recent turbulence in Canada suggests that the UK would be better off sticking with its policy of negotiated settlement, however frustrating such an approach may prove to be.

Stephen Crone graduated from the University of Liverpool in 2009 with a First Class degree in Politics and History. Stephen is the co-author, with [Stuart Wilks-Heeg](#), of a recent Democratic Audit report called '[Funding Political Parties in Great Britain: A Pathway to Reform](#)' .

