Conclusion: Problems and Prospects

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One study of campaign and party finance in North America and Western Europe suggests that ‘the main problem in political finance is not corruption but rather the appearance of corruption.’ At the same time it is asserted that political parties are inevitable and indispensable ‘instruments of democratic government’. But political competition requires resources and the issue of how political parties acquire and use money is central to understanding the relationship of the party system to the wider political system. The main challenge appears to be how to find a model of party finance that successfully reconciles the needs of party building, competition and campaigning with the need to inhibit and minimize the corruption of the electoral and policy processes. Meeting one set of needs at the expense of the other only exacerbates particular problems. Starving political parties of funds in order to bear down on corruption would impede or deny the ability of political parties to perform their functions. Disregarding corruption in order to protect the financial strength of political parties would tend to denigrate democratic values in favour of preserving and enhancing the political advantages of the economically privileged.

If the need to balance competing aims is recognized, the point of balance is a matter for political judgement, cultural traditions and local circumstances. In some countries, an acute shortage of finance seems to encourage and facilitate corruption. But scandals occur in countries where state funding is substantial and even lavish. In considering models of party finance, there is clearly no ‘gold standard’ against which actual examples can be measured. No system is both...
free from corruption and yet able to produce adequate funding for a range of political parties. The problem is exacerbated by escalating costs and benefits. As ‘retail’, face-to-face campaigning has declined, the costs of technology, of electronic media and advertising have increased. Buying television time is the prime electoral cost in regimes as different as Russia and the United States and attempts to regulate it have met with commercial and constitutional objections. Yet parties who lack the funds to buy television and radio time are severely handicapped and their opportunities to attract wider support are correspondingly reduced. The ability of new parties to compete effectively crucially depends on conveying their message to a mass audience and, where access to mass media is rationed by price or by government restrictions, the party system will tend to ossify.

When the same parties regularly win elections, it is almost inescapable that they will command the overwhelming share of private and state funding. It is no accident that the only credible challenge to the dominance of the Democratic and Republican parties in recent American presidential elections came from one of the richest individuals in the United States. Ross Perot was able to escape from the normal funding constraints experienced by minor parties by drawing directly on a huge personal fortune. Media owners themselves, such as Berlusconi in Italy, enjoy special advantages. The examples of Perot in the United States, Berlusconi in Italy or Goldsmith in Britain are few and far between because, for obvious reasons, such personal wealth is, in most societies, restricted to a handful of individuals. Money clearly does not guarantee political success for minor parties but, if not a sufficient condition, it certainly appears a necessary one.

If party systems are not to ossify because of the financial problems facing new challengers, state funding is frequently advocated as an effective way of creating a more even playing field. But one danger here is that ‘state funding may be a Trojan horse for state intervention and control.’ A further concern is that state subsidy will diminish the need for parties to create, consult and sustain large memberships. The consequence may be that parties become detached from and unresponsive to their grass-roots followings. Much depends, of course, on the principles which inform the distribution of public subsidies and the extent to which already dominant parties are able to establish cartels. Public subsidies may encourage competition but they can also help preserve the status quo.