

U4 Helpdesk Answer 2019:4

# The role of political party finance reform in the transition from dominant to competitive party systems

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Political parties play a key role in democratic processes. They are critical to ensuring participation in political life, the expression of the will of the people, and serve a wide range of functions. To fulfil these functions, political parties require financial resources. However, if the funding of political parties and elections is not properly regulated, this can lead to a dominant party system, where the abuse of public resources by the incumbent ensures their re-election. The question of how to adequately fund democratic political systems and the role that money should play is a particularly vexed issue. It is widely recognised that regulatory provisions alone are insufficient. Further, there are limits to effectively regulating political party financing. This query sheds light on this issue by drawing on examples of transitions from a dominant party system to a multi-party system.

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## Query

Many developing countries have turned into one-party states because the party in power controls the resources and the sources of information. Is there evidence of positive experiences where this situation was reversed? Who are the actors for change and what's the role of the international community in supporting a move towards more transparency in political finance?

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## Overview of political party financing

Political parties play a key role in democratic processes (Martini 2012). They serve a wide range of functions such as aggregating and articulating interests, developing competing policy proposals that provide voice and choice, selecting candidates for elected office, organising legislatures, coordinating the formation and activities of government, recruiting and linking leaders and supporters and conducting electoral campaigns. (Magolowondo et al 2012). To fulfil these functions, political parties require financial resources.

Political party financing is about the role that money plays in the political sphere. Money is necessary for inclusive democracy and effective governance, allowing candidates and parties to reach out to voters and to build long-term political organisations. However, it can also lead to

## Main points

- Transparency in political party financing can play a key role in both reducing corruption and transitioning from a dominant party system to a multi-party system.
- By itself, political party finance regulation is not enough to reduce corruption, undue influence in politics or ending dominant party systems.
- Strong oversight and enforcement mechanisms are essential.
- Civil society, the media and other local actors can be allies in garnering support for legislative change.

politicians and parties listening to their donors rather than their voters, and to government contracts being awarded to the company that provided most money during the last election campaign rather than the one with the best bid (EuroPAM 2019).

Unregulated or poorly managed money in politics is often considered as one of the biggest threats to democracy worldwide (International IDEA 2014

and Magolowondo et al. 2012) and means that the political playing field is not level. Freedom House's report, *Democracy in Retreat* (2019), for example, highlights a growing trend of attacks on key institutions – including electoral mechanisms – which are undermining the foundations of democracy.

The Venice Commission and Organisation for Security and Cooperation in Europe's Office for Democratic Institutions and Human Rights (OSCE/ODIHR) have referred to the misuse of administrative resources during the electoral process as “one of the most important and recurrent challenges observed in Europe and beyond” (Venice Commission & OSCE/ODIHR 2016).

A lack of information on how much money circulates in and around elections, where resources are coming from and how they are spent, makes it harder for the electorate to make informed decisions. It also facilitates corruption and erodes citizen trust in political institutions (International IDEA 2019).

## Abuse of state resources

The global community increasingly recognises that such abuses of state resources confer clear benefits on incumbent politicians and parties and create an unfair playing field that undermines electoral integrity (IFES 2017).

The abuse of state resources by the ruling party to put itself in an advantageous position remains a problem in many countries. This lack of a level playing field prohibits the equal participation and representation of all citizens in democratic political processes (International IDEA 2014).

The abuse of state resources can lead to, or help maintain, a dominant party system—defined as a category of parties/political organisations that have

successively won electoral victories and whose future defeat cannot be envisaged or is unlikely for the foreseeable future (Suttner 2006). The term has been applied to a variety of parties and organisations, from the right-wing Guomindang in Taiwan to the African National Congress (ANC) in South Africa, and includes the Liberal Democrats in Japan, the Christian Democrats in Italy and the Indian National Congress in India (Suttner 2006 and Laws 2016).

Laws (2016) found that, although dominant parties use a range of methods to maintain power, there is empirical evidence to suggest that the exploitation of state resources is of central importance. An incumbent's privileged access to state resources may be exploited to such an extent that there is an absence of free and fair political competition. In other words, their rule is undemocratic.

The abuse of state resources can be a major corruptive force in the electoral process as it can introduce or exacerbate power inequalities, give unfair electoral advantage to incumbents, compromise the integrity of an election, and reduce public trust in the legitimacy of the process and its outcomes (IFES 2017). Abuse of state resources can take many forms and have wide-reaching impacts.

In many countries, the abuse of state resources is not sufficiently regulated, or there are disparities between what is written in the law and what happens in practice. These gaps leave the electoral system vulnerable to manipulation by those in positions of power (IFES 2017).

The state resources liable to abuse by public officials for electoral advantage include:

### Financial resources

This encompasses monetary assets such as the state budget and publicly owned or managed institutions

(Jenkins 2017). Abuse of financial resources can redirect state resources to influence the electoral process and can drain limited funds available for development, infrastructure or social welfare projects. The incumbent may skew the playing field in its favour by preventing opposition rallies or by siphoning off government resources to finance its own campaign (Uberti & Jackson 2018).

Alternatively, these projects may be launched around the campaign period to influence voters rather than being initiated when they are needed.

### Regulatory resources

Incumbents may also abuse their regulatory mandate to pass laws and regulations that control behaviour. This may include anything from altering the criminal code to the order in which candidates appear on the ballot paper (Ohman 2013).

### Institutional resources

This includes government officials using official vehicles during campaigns, printing campaign material in national printing offices or holding party meetings and rallies in official precincts. In the case of incumbent officeholders running for re-election, abuse of public resource also includes office staff working for the campaign and travel costs being billed as expenses (OECD 2016). Bias of state-owned media is a prime example of abuse of publicly owned resources in many countries (Ohman 2013). The incumbent may also exploit control of the state's bureaucracy and security apparatus to mobilise votes among civil servants or intimidate opposition voters (Uberti & Jackson 2018).

### Enforcement/coercive resources

Enforcement or coercive resources include the use of security and law enforcement institutions to implement and enforce laws and rules. Examples of

abuse for electoral advantage could include withdrawal of permits for opposition campaign rallies or unexpected tax inspections of rival parties (Jenkins 2017). In addition, the incumbent may use its privileged control over the administrative and military apparatus of the state (the police, polling booths, vote tallying centres, etc.) to manipulate electoral processes with relative impunity (Uberti & Jackson 2018).

### Relationship with the private sector

The integrity of the private sector may be compromised as the government pressures companies for donations in exchange for continued business with the state, which can lead to policy capture (OECD 2017) or where, acting on behalf of their political sponsors, the owners or managers of politicised firms may also pressure or intimidate their workers to vote for a particular candidate (Uberti & Jackson 2018; International IDEA 2014). On the other hand, the private sector may use its influence and resources to pressure the government to implement policies and laws in their favour.

For example, access to public procurement by elected officials has been used to “return the favour” to corporations who made important contributions to their campaigns or conversely, to exclude corporations that supported the opponent as a means of retaliation. Campaign donors can get access to overpriced public contracts, receive favourable conditions in public loans or receive other forms of illegal benefits from public administration. Private companies depending on government contracts can also be forced to donate to the ruling party or be prevented from supporting opposition parties (OECD 2016).

## International legal standards

The growing concern related to the role of money in politics, combined with society's lack of trust in political parties, has driven several reforms in many countries across the globe (Martini 2012). While the role and importance of political parties have long been established, specific legal regulation of political parties is a relatively recent development (OSCE/ODIHR 2011). Regulations on political party funding play an important role in strengthening democracy, curbing opportunities for corruption and undue influence, and enhancing transparency and accountability (Martini 2012).

There is no single solution that fits all. Social, historical, political and economic contexts influence how each democracy operates. Consequently, responses to this problem vary from country to country (Magolowondo et al. 2012).

While there is no single best practice model to limit the negative influence of money in politics, there is a broad consensus that countries should seek to regulate public and private funding, establish a ceiling on expenditures, limit contributions and ensure high levels of transparency, such as disclosure and reporting requirements (IFES 2017; Martini 2014; Martini 2012).

Key factors for the success of any regulation on party financing includes public access to information; effective disclosure mechanisms; effective, transparent and independent oversight institutions; the right to know being exercised by civil society institutions, media and citizens as well as the effective implementation of the relevant laws; (Martini 2012) and making available appropriate and enforceable sanctions and penalties for state officials who abuse state resources (IFES 2017).

The European Public Accountability Mechanisms (PAM), for example, measure the comprehensiveness of a country's legal framework including in political finance. Indicators for these mechanisms are based on internationally-accepted legal standards and provide an example of international best practice (EuroPAM 2019). The main areas of in-law indicators covered by the methodology include:

- bans and limits on private income;
- conditions for public funding;
- regulations on spending; and
- reporting, oversight and sanctions.

The development and circulation of Joint Guidelines for Preventing and Responding to the Misuse of Administrative Resources during the Electoral Process by the Venice Commission and OSCE/ODIHR are “aimed at assisting national lawmakers and other authorities in adopting laws and initiating concrete measures to prevent and act against the misuse of administrative resources during electoral processes”. These guidelines identify foundational principles for developing a framework to prevent and respond to the abuse of state resources, as well as suggestions for the types of mechanisms that should be available in the legal framework (including sanctions and penalties). These standards recommend that governments:

- prohibit political candidates from holding official public events (including charitable events) for electoral campaigning purposes;
- provide equitable access to public buildings and facilities;
- refrain from making major governmental announcements designed to create a favourable perception towards a particular party;
- abstain from non-essential appointments to public bodies during electoral campaigns;

- set clear definitions of what constitutes “campaign activities” and forbid civil servants from engaging in this in their official capacity;
- provide a clear distinction between “campaign” and “information” activity by public media;
- establish a functionally independent and suitably resourced state body responsible for auditing political parties’ use of administrative resources; and
- require political parties to report on the origin and purpose of campaign finance transactions, stipulating that permissible use of administrative resources should be treated as a campaign finance contribution and reported accordingly (see further, Venice Commission & OSCE/OIDHR 2016; Jenkins 2017).

## Inhibitors of change

Although the importance of political finance regulation is well recognised, certain factors often represent an obstacle for reform. These might include:

### Historical factors

While the debate on the solution for abuse of state resources tends to focus on legal measures, it is also important to consider underlying historic and structural factors. In countries where a dominant party system has been in place for a long time, the separation between the state and the ruling party is often still blurred. Without taking such historical factors into account, regulatory measures such as bans and limits for the government to use state vehicles, mobilise public servants or limit public propaganda may fall short of solving the problem (OECD 2016).

### Structural factors

Many of the interventions that support electoral integrity focus on reforming the legal framework

for elections. Ultimately, however, the sustainability of these efforts requires organisations such as the electoral commission and judiciary to be able to sanction violations of these rules (Uberti & Jackson 2018).

These organisations may be subject to manipulation, with the formal electoral institutions and organisations unable to effectively regulate and sanction. If informal power is skewed in favour of the incumbent, the autonomy of the enforcement institutions is likely to be diminished (Uberti & Jackson 2018). In such a situation, it may not make much sense to, for example, fund capacity building of enforcement institutions but rather focus on approaches that do not rely on formal enforcement mechanisms, such as supporting social accountability efforts (Uberti & Jackson 2018).

### Informal institutions

An analysis of informal structures may identify constraints to the sustainability of a regulatory approach. For example, redistributive demands may be accommodated through informal, off-budget transfers, or through the rule-violating manipulation of formal budgetary or policy tools. These interactions are informal because they are not governed by codified (formal) rules but take place under the radar, leading to the informalisation of policymaking (Uberti & Jackson 2018). Formal norms of electoral integrity may be trumped by alternative social norms. Candidates involved in electoral contests generally mobilise votes by means of clientelistic promises (such as jobs, international travel) or material perks (for example, in the form of subsidies or cash), often with little or no recourse to programmatic forms of campaigning.

## Conflict of interest

Reform that addresses the abuse of state resources may be resisted due to a conflict of interest or because it more severely affects certain political parties over their rivals. Politicians and political parties have an innate conflict of interest when implementing political finance reform and, as a result, it is a difficult area in which to enact change. Political finance laws affect a party's ability to be re-elected through restricting their ability to raise funds and potentially expose themselves to criminal sanctions (Speck 2013). Therefore, those implementing political finance reform are required to implement laws and regulations to regulate themselves but are conflicted when doing so, making reform difficult to achieve.

In addition, political finance reform can be enacted to the detriment of political parties and the democratic system more generally if enacted in a partisan manner. Democratic political systems need to be competitive systems, and this requires the political system regulating parties to be based on equality and operate in an unbiased manner (Speck 2013; Nassmacher 2003).

## Actors for change

A holistic and integrity-enhancing approach to political party financing involves political parties, oversight agencies and regulators, as well as civil society organisations, journalists and activists, and corporate and individual donors (International IDEA 2017). Forceful and engaged monitoring activities by political finance oversight bodies, and vigilance by civil society and the media, is necessary to counteract the abuse of state resources. However, ultimately, the withdrawal of popular support from political parties that abuse state resources is required if abuse is to be removed altogether (Ohman 2013).

## Citizens and civil society

Civil society actors have key roles in improving control over money in politics. They can ensure citizens are aware of the downsides of vote buying, the abuse of state resources and the rules in each country (Ohman 2013). The coalition of NGOs leading to electoral reform in India prior to the 2009 elections is illustrative of this.

Civil society can also play an important role in monitoring the behaviour of political parties and candidates. Such projects have been carried out in many countries, and domestic election observer groups are increasingly adding political finance to the issues addressed by their work (Ohman 2013).

An additional but closely related set of interventions aims to empower citizens to exercise their (passive and active) electoral rights. Such interventions might include, for example, training political or community leaders or taking steps to increase voters' electoral participation, especially among marginalised groups such as women and youth (Uberti & Jackson 2018).

## Media

Media, both traditional and new, have a responsibility to make sure people know where politicians get money from and how they use it. By exposing misbehaviour and violations of formal rules and societal norms, media can help punish those who attempt to substitute a lack of popular support with money in the competition for political power.

## International community

Since the early 2000s, aid spending on electoral assistance programmes around the world has increased dramatically, from US\$75 million in 2002 to US\$728 million in 2010, before declining again to US\$353 million in 2016 (Uberti & Jackson

2018). Uberti and Jackson (2018) found that overseas development assistance for election support is estimated to have a positive and statistically significant effect on integrity and a beneficial effect on the quality of elections in aid recipients, however, the gains on average are rather small.

Direct aid to parties is fraught with an unusually high level of political sensitivity. All aid relating to the core political processes of recipient countries – elections, parties and legislatures – is inevitably politically sensitive. But party aid is especially so, given that parties are the institutions that are competing for power and, when successful, assuming power (OECD 2014).

As a starting point, Speck and Fontana (2011) recommend developing a framework that identifies how state resources are abused, assesses the costs associated with the abuse and develops interventions based on identified priorities. Both GRECO's third round evaluations as well as the money, politics and transparency scorecards are useful tools to achieve this (Speck & Fontana 2011).

Similarly, a joint project by Transparency International and the Carter Center—*Crinis*—has been successfully used as a benchmarking tool to identify both best practice and the specific shortcomings of a country's system of political finance (Speck & Pfeiffer 2008). The tool can be used to inform specific advocacy activities to strengthen democratic parties, journalists and civil society. For example, in its application across 8 Latin American countries, it was found that political financing was a priority for the region (Speck & Pfeiffer 2008).

In addition, donor agencies can examine constraints on electoral reform and political party financing reform by structuring traditional political economy analysis and other risk assessment tools

more consistently around the notion of informal norms and institutions, patron-client networks and the overall distribution of power.

For instance, it may be useful to identify clientelistic networks that stand to benefit from improvements in electoral integrity under specific circumstances (e.g. oppressed social or political groups in a semi-authoritarian regime). Donors could then work out ways to mobilise these groups' support to demand and achieve cleaner elections (Uberti & Jackson 2018).

Similarly, a routine regulatory approach may have little impact in the longer term as political actors eventually find ways to circumvent the rules. Instead, donors could consider complementary (and more context-specific) interventions to help enforce the regulation of political finance such as funding NGOs or other social actors to monitor the distribution of contracts and licences prior to elections (if in a given context political finance is shown to be often given in exchange for licences), or mobilising powerful social groups (for instance, firms that lose out from this politicised allocation of licences) to expose and sanction illegal ways of raising political finance (Uberti & Jackson 2018).

Vote buying is proscribed, yet common, in many countries. Efforts are often made to support enforcement institutions to monitor and prevent these practices. Yet an analysis of patron-client relations may demonstrate that such an intervention would be highly constrained because it runs up against one of the central rules of the game of patron-client mobilisation in developing countries.

In a context where unemployment is rampant and interests and preferences may not be clearly defined, voters often see their vote as a good that they can trade for material benefits. Vote buying can become normalised, becoming an (unpalatable) "norm" dictated by the economic and political



strictures of the social order rather than a violation of widely embraced democratic principles (Uberti 2016). In such a situation, it may be more sustainable to think of ways to encourage broader shifts around underlying norms by means of education campaigns, school curricula reforms or public discussions (Uberti & Jackson 2018).

## Case studies

Both Mexico and India have moved from a dominant party system, which engaged in the abuse of state resources to remain in power, to a multi-party system. The following case studies consider what factors led to these states transitioning from a dominant party system to a multi-party system, and what the impetus for legislative reform was for political party financing and electoral reform more broadly.

### Mexico

The exploitation of state resources by the Partido Revolucionario Institucional (PRI) in Mexico led to their one-party dominance from 1929 to 2000 (Greene 2007). Electoral reform was scarce throughout the PRI's hegemonic period. However, about four decades ago, the country initiated a gradual transformation from a one-party system to multi-party competition, largely based on several cycles of legal reforms.

Many of the initial legal reforms were aimed at consolidating PRI's hold over the system (de Jager 2009). One of the early instances of Mexico's electoral reform was the law of 1977 introducing proportional representation: the Law of Political Organizations and Electoral Processes. This law included sanctions for a wide array of undemocratic practices, such as creating false voting cards, stealing ballot boxes, destroying tally sheets and voting more than once (Serra 2016).

Later, as their share of seats in congress increased, opposition parties succeeded in pushing new legislation to further clean up the election process. A landmark norm was passed in 1990 that created an independent electoral management body along with a powerful tribunal for electoral matters. Together, these institutions ensured, for the first time, that vote counts would be accurate and transparent, which succeeded in largely eradicating ballot rigging.

The subsequent reforms of 1993, 1994 and 1996 were so profound that they led to the country's transition to democracy (Serra 2016). At the heart of these reforms was the creation of two institutions with the mandate to guarantee the legality and fairness of elections: the Federal Electoral Institute (IFE) and the Federal Electoral Tribunal of the Judicial Branch (TEPJF).

The impact of the electoral reform was augmented by other factors as well. The economy faced a serious decline during the 1980s, while neo-liberal economic reforms created rifts within the ruling party, cut the patronage positions available and increased economic hardship on the poor. These and other factors are credited with a substantial role in the liberalisation of Mexico, and they increased the pressure on the regime to accelerate electoral reform. But it was the reforms made by the regime itself, in an attempt to increase its support, that introduced enduring change to the political system. The reforms put the opposition in place to take advantage of the public's discontent during this critical period (Serra 2016).

The effects of the reforms in Mexico have been documented in academic research. Scholars have found that party funding became more balanced, vote buying was more difficult, the list of registered voters was made accurate, and electoral institutions became politically neutral and independent (Serra

2010). As a result, the IFE and the TEPJF succeeded in organising the first transparent election in 1994 and the first transparent and equitable election in 2000, as deemed by national and international observers. It was in the 2000 election when the PRI was unseated, and an opposition candidate took office for the first time in more than seven decades (Serra 2016).

Further reforms were introduced in 2007 which aimed to restrict campaign expenditures and incumbency advantage (Serra 2009). Some of the positive changes that are most frequently mentioned include granting political parties with free airtime on radio and television; reducing the length of campaigns; tightening the control of private contributions to political parties; and regulating government advertisements, especially those from the executive branch (Serra 2009).

The latest round of legislative reform in 2014 encompassed a wide range of topics, such as centralising the management of subnational elections into a single organisation called the National Electoral Institute (Instituto Nacional Electoral – INE) replacing the former IFE (Serra 2016).

Taken together, the series of political reforms in Mexico has resulted in world-class legislation against electoral manipulation (Serra 2016). However, while the Mexican legislation looks promising in theory, its effectiveness is diluted in practice. All too often, party bosses and other powerful stakeholders have been able to co-opt or intimidate the electoral authorities to ensure soft application of the law instead of its faithful observance (Serra 2016). The case of Mexico demonstrates that reforms to government institutions, in this instance the electoral institutions, can have a profound effect on the political system and realise permanent political

change. However, as Serra (2016) points out, no legal reform will be effective while these laws are only being weakly enforced.

Despite the progress achieved in Mexico to control the influence of money in politics and guarantee that elections are free and fair, Freedom House found that the INE's supervision and monitoring around donations, political advertising, etc., are often weak in practice. While the 2018 elections were generally considered free and fair (Freedom House 2019), the INE and the TEPJF struggled to comprehensively address problems including misuse of public funds, vote buying, ballot stealing and transparent campaign finance (Murray & Eschenbacher 2018).

As potential actors of change, the role of civil society and the media is also worth highlighting. While the former has been active in promoting further reforms to guarantee fairness in elections, promoting asset/interest disclosure from candidates and monitoring campaign expenses, the latter has been linked to several scandals. During the 2012 presidential elections, for example, the main TV broadcaster in the country (Televisa) was accused of funding and giving preferential treatment to Enrique Peña Nieto, the PRI candidate who ended up becoming president of Mexico until 2018.

Further, in his analysis of Mexico's political party system, Greene (2010) emphasises the importance of the economic decline, arguing that dominant parties persist or fail based primarily on their ability to politicise public resources, which they achieve through political control of the public bureaucracy. When incumbents can access and use public resources for partisan purposes, they can outspend competitors and render the election result a foregone conclusion. However, dominant party rule is threatened when the incumbent's

access to public resources declines and opposition parties have a greater opportunity to compete for votes. The demise of dominant parties is thus often caused by a lack of access to the resources needed to remain in power (Greene 2010).

Greene (2007) also points out that the resource advantages are greater when the state's involvement in the economy is large and when the public bureaucracy is politically controlled.

## India

The Indian party system historically consists of one dominant party (Indian National Congress, often referred to as Congress), which won all national elections for three decades continuously until losing power for the first time in 1977. As political and economic problems worsened, the leader of the party – Indira Gandhi – declared a state of emergency and proposed reforms to remedy some of these problems. She called for elections in 1977, seeking to mandate her policies at the polls. However, Indira was defeated, leading to the first ever non-Congress government at the national level since independence (DasGupta 2015).

Congress's political monopoly over state-level elections was gradually lost over the course of the 1960s, 1970s and 1980s, and then, in the 1990s, the party lost its monopoly in national-level elections as well. Today, state and national-level politics in India are characterised by highly competitive – indeed fragmented – multi-party political competition (DasGupta 2015). Research on Congress's decline focuses primarily on the party's institutional decay and unwillingness or inability to incorporate rising social groups (Chandra 2004) while others have noted changes to the economy that ultimately undermined Congress' dominance (DasGupta 2015).

High levels of corruption and poor governance have led to immense civil society mobilisation seeking greater accountability from political candidates and reform of the electoral process. In November 2000, in response to landmark public interest litigation filed by civil society watchdogs, the Supreme Court of India ruled that any person standing for elected office at the state or national level must submit, at the time of nomination, a judicial affidavit detailing his or her financial assets and liabilities, education qualifications and pending criminal cases (Vaishnav 2014). At the 2004 general elections, candidates were required to disclose their assets and criminal records for the first time. However, the disclosures were not without their shortcomings: the information is self-reported, which calls into question the accuracy of financial details and the data on criminality refers to ongoing cases rather than convictions (Vaishnav 2014). Due to India's justice system, it can take decades for an indictment to produce a conviction, which meant that, at the 2004 general elections, 128 of the 543 winners were facing criminal charges (Bajoria 2009).

Ahead of the 2009 elections, a nationwide campaign, led by more than a thousand NGOs and citizen groups working on electoral reforms, sought more transparency. Primary among their demands were barring candidates with criminal charges, the voters' right to reject all the candidates through a "none of the above" option on the ballot paper, and greater transparency and regulation of funding of political parties (Bajoria 2009).

In 2019, Freedom House found that India maintains a robust electoral democracy with a competitive multi-party system at federal and state levels, though politics are beset by corruption and the opaque financing of political parties – notably through electoral bonds that allow donors to

obscure their identities – remains a source of concern (Freedom House 2019).

## Conclusions

Money is essential for mobilising election campaigns, sustaining political party organisations and communicating with citizens. However, left unregulated, political party finance measures are open to abuse and undue influence by outside groups. It is important to recognise that, in regulating political party financing, there is no one-size-fits-all design. Much will depend upon country-specific factors.

Political party finance reforms have played an important role in promoting democracy in India and Mexico. Such reforms may have little impact if not paired with other reforms, such as strengthening civil society and promoting an independent media.

Effective laws also depend upon enforcement capabilities, political will and autonomous oversight agencies. Lopez, Rodriguez and Valenti (2017) show that, while the levels of political finance regulation have increased worldwide over the past decade, this increase has not led to better outcomes in the control of corruption. Contrary to what theory would predict, these authors find that, in Latin America, “increases in political finance regulation are related with a deterioration of control of corruption” (Lopez, Rodriguez and Valenti 2017: 33). However, “the negative relationship between regulation and control of corruption becomes positive in countries with high levels of judicial independence”.

Political finance regulations are unlikely to be effective if they exist in isolation (OECD 2016). Rather, “they need to be part of an overall integrity framework that includes the management of conflict of interest and lobbying. On their own,

political finance regulations are likely to result merely in the re-channelling of money spent to obtain political influence through lobbying and other activities” (OECD 2016).

Finally, political party finance reforms form part of the bigger “governance puzzle”. Support and reform to political finance regulations needs to be integrated into a wider strategy as a part of the wider political system, including identifying structural constraints and incentives.

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