

The Big Picture: How Democracies Are Striving to Protect Government from Control by Moneyed Interests

Campaign Finance, Access to Media, and Gender Balance

*Drawing primarily from the International Institute for Democracy and Electoral Assistance (International IDEA), Stockholm**

Trust in government declining — the crisis:

“From 2007 to 2012, confidence in national governments on average across OECD member countries has declined by 5 percentage points from 45% to 40%.”¹ “More than two-thirds of Americans trust government less because of the influence of big donors.” (a111)

In response, efforts to regulate the financing of political campaigns are increasingly common:

“Since the early 1990s, there has been a movement toward increasing levels of regulation (but not necessarily increased enforcement)” of political finance in most regions covered by the International IDEA publications cited. (a352)

Bans on certain types of contributions:

- o *From corporations and trade unions:* Worldwide, about one in five countries bans corporate donations. (b10) For example, Canada bans corporate and trade union contributions to candidates and political parties. (a259)

The United States also bans corporations and unions from contributing directly to federal candidates. However, more than 4,000 political action committees (PACs)—mostly sponsored by corporations and business associations—contribute to candidates and parties. With money from executives and shareholders rather than businesses themselves, corporations can skirt the ban.²

- o *From foreign entities, some companies, & anonymous parties:* Worldwide 68 percent of countries ban foreign donations to parties and half ban them to candidates. (b10) In Northern, Western, and Southern Europe most countries also prohibit “companies with mixed public and private capital, and anonymous donations.” (a218) The United States bans contributions from government contractors directly to candidates and political parties but allows them to support candidates indirectly via unlimited contributions to “independent” groups that have less stringent disclosure requirements.³

* Numbers in parentheses refer to pages in works by the International Institute for Democracy and Electoral Assistance, Stockholm, www.idea.int: The letter “a” refers to *Funding of Political Parties and Election Campaigns: A Handbook on Political Finance*, 2014; whereas “b” refers to *Political Finance Regulations Around the World*, 2012. These works draw from the International IDEA database: (<http://www.idea.int/political-finance/>). Here we focus on European and Anglophone established democracies but include some other countries and global estimates as well.

Limits on contributions:

- o *By amount:* Almost half of countries worldwide limit the amount that can be donated to political parties and to candidates. (b10)
- o *To parties:* “Northern, Western and Southern European countries generally set contribution limits for parties in relation to election campaigns (42 per cent of countries) or on an annual basis (38 per cent of countries).” (a220)
- o *To candidates:* About one-third of Northern, Western and Southern European countries “also limit the amount that can be given to a candidate.” (a220)
- o *From third parties:* Spain specifically bans third-party donations; Ireland and the UK have donation and expenditure limits for third parties. (a217)

Restrictions on campaign spending:

- o *By political parties and candidates:* Worldwide, 44 percent of countries limit the amount that electoral candidates may spend; 29 percent limit spending by political parties. (b10) In Northern, Western and Southern Europe, fewer than half of the countries have introduced spending limits for parties or candidates. (a228)
- o *By third parties:* “Most countries have no regulations on third party spending.” (a27) But Canada, for example, does limit such expenditures.⁴

The Role of Large Donors:

- o “Large donations” are “only a small part of the total income of political parties in Greece, the Netherlands, Sweden and Norway.” (a217)
- o In the United States in 2012 “more than a quarter of the nearly \$6 billion in [campaign] contributions from identifiable sources...came from just 31,385 individuals, a number equal to one ten-thousandth of the U.S. population.”⁵

Public Funding:

- o Worldwide, around two-thirds of countries provide direct public funding to political parties. In Europe, 86 percent do. (b10) And there has been a “global increase in the funding of political parties through public subsidies.” (a353)
- o Among 24 European countries, all but three “offer...direct public funding to cover organizational expenses, campaign expenses, or both.” (a222)
- o Public funding is “the most important source of revenue for parties” in Northern, Western and Southern European countries, as, on average, it accounts for 67 percent of political parties’ total income. In South America the state supplies 35 percent. (a224)
- o “In Spain, Belgium, Italy and Portugal, public funding accounts for over 80 per cent of total party income.” (a225)

- o The Council of Europe stresses not only that public funding to political parties is a way to level the electoral competition playing field but also that public financing should not be the only income source for political parties so as not to “weaken the link between voters and parties.” (a225)
- o “A number of Northern, Western and Southern European countries (noticeably those that have been hard hit by the financial crisis) have reduced the amount of public funding to parties.” (a225)

Transparency/Disclosure:

- o In 17 of the 24 countries, or 71 percent, of Northern, Western and Southern Europe, political parties and candidates are required to reveal donors’ identities. Elsewhere in the world the percentage is lower. (a233)

Ensuring Fair Media Access:

- o *Subsidized media access:* Worldwide, almost 70 percent of countries provide free or subsidized media for political parties. (b10) Northern, Western, and Southern European countries “do not provide free or subsidized media access more than countries in other regions in the world.” Thirty percent of these countries “that do offer media provisions offer it equally to all eligible parties.” (a221)
- o *Bans on paid broadcasting.* The European Court of Human Rights ruled that a “ban on paid broadcasting in Switzerland and the UK did not infringe on “the right to freedom of expression” and was compatible with the European Convention on Human Rights. (a229)

Trends in sources of funding:

- o In Northern, Western, and Southern Europe there is “a pattern of corporations withdrawing from politics, indicating a decline in corporate contributions as a source of political funding”; long-term decline is observed in Germany, Sweden, and the UK. (a216-217)
- o In the United States, corporations and unions are now permitted to make unlimited contributions to “independent” groups that are not legally required to disclose donors.⁶

Gender Balance:

- o Worldwide, women make up 22 percent of members of legislative bodies. One of the highest is Rwanda at 58 percent. The United States is among the lowest at 20 percent.⁷
- o “The percentage of women represented in the lower (or single) houses of parliament in the 24 countries [of Northern, Western and Southern Europe]...is 29 per cent, on average.” (a226)
- o “[S]ix countries [in Northern, Western and Southern Europe] have national-level regulations promoting gender balance: Belgium, France, Greece, Ireland, Portugal and Spain.” (a226)

Balancing the Right to Speak—with Spending as a Form of Speech—and the Right to be Heard:

- o *One perspective: freedom to spend as freedom of speech:* “In Australia and the USA, the highest courts of the land have held that ‘free speech’ may not be infringed upon to provide a level playing field between political competitors. People who intend to express their views may want to spend money to be heard by others, and they may speak up collectively to promote their political views without restriction... in short, money can be speech and organizations can also speak.” (a257) “In 1991 the Australian Labor government...banned paid TV and radio advertising by political parties and required free campaign broadcasts of commercial radio and TV operators. In 1992 the High Court ruled that these provisions were unconstitutional” as they violate free speech rights. (a257) In the United States, the Supreme Court in 2010 held that donors independent from the candidate, including corporations and trade unions, can spend unlimited sums.⁸
- o *Another perspective: freedom to be heard and to hear diverse views:* “The Supreme court of Canada holds [that]...the overriding aim of fair elections demands that all views shall be heard in an election campaign, and subsequently the use of financial resources should be limited to avoid unequal opportunities for the political competitors.”(a257-258) Thus, as noted “Canada has banned corporate as well as trade union contributions to political parties and candidates.” (a259)

NOTES:

¹ OECD, “Strategic Governance” in *Government at a Glance 2013*, OECD Publishing, 2013, 40, accessed August 10, 2015, [http://www.oecd-ilibrary.org/docserver/download/4213201e.pdf?expires=](http://www.oecd-ilibrary.org/docserver/download/4213201e.pdf?expires=1439235043&id=id&accname=guest&checksum=452C731FD49BCBDF2F4AE89AC78CA100)

[1439235043&id=id&accname=guest&checksum=452C731FD49BCBDF2F4AE89AC78CA100](http://www.oecd-ilibrary.org/docserver/download/4213201e.pdf?expires=1439235043&id=id&accname=guest&checksum=452C731FD49BCBDF2F4AE89AC78CA100).

² “Number of Federal PACs Increases,” News Release, Federal Election Committee, March 9, 2009, accessed August 10, 2015, <http://www.fec.gov/press/press2009/20090309PACcount.shtml>; Ronald Jacobs and Janice Ryan, “Regulatory: 4 ways corporations can participate in federal elections,” *Inside Counsel Magazine*, March 14, 2012, accessed August 10, 2015, <http://www.insidecounsel.com/2012/03/14/regulatory-4-ways-corporations-can-participate-in>.

³ “Citizens Guide,” Federal Election Commission, updated January 2015, accessed August 10, 2015, <http://www.fec.gov/pages/brochures/citizens.shtml>.

⁴ “3.3 Administering Election Advertising Expenses,” in “Election advertising handbook for Third Parties, Financial Agents and Auditors,” Elections Canada, July 2015, accessed December 17, 2015, <http://www.elections.ca/content.aspx?section=pol&dir=thi/ec20227&document=p3&lang=e#c>; Kevin Grandia, “Third Party Advertising 101 for the Canadian Federal Election,” *The Commonsense Canadian* July 30, 2015, accessed December 17, 2015, <http://commonsensecanadian.ca/third-party-advertising-101-canadian-federal-election/>. (see point #12)

⁵ Lee Drutman, “The Political 1% of the 1% in 2012,” Sunlight Foundation, June 24, 2013, accessed August 10, 2015, http://sunlightfoundation.com/blog/2013/06/24/1pct_of_the_1pct/.

⁶ Adam Liptak, “Justices, 5-4, Reject Corporate Spending Limit,” *New York Times*, January 21, 2010, accessed August 10, 2015, <http://www.nytimes.com/2010/01/22/us/politics/22scotus.html?pagewanted=all>.

⁷ Quota Project, Global Database of Quotas for Women, accessed August 10, 2015, <http://www.quotaproject.org/>; Rwanda Upper and Lower house representation calculated from Quota Project, Global Database of Quotas for Women (Rwanda; accessed August 10, 2015), <http://www.quotaproject.org/uid/countryview.cfm?country=192>; “By the Numbers: How well do you know the 114th Congress?,” Daily News Gems, January 25, 2015, accessed August 10, 2015, <http://www.dailynewsgems.com/2015/01/by-the-numbers-how-well-do-you-know-the-114th-congress.html>.

⁸ The text of the Citizens United Ruling, Cornell University Law School, <https://www.law.cornell.edu/supct/html/08-205.ZS.html>.