Comparative Political Finance
Among the Democracies
Comparative Political Finance Among the Democracies

EDITED BY
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This book is the second in a comparative politics series initiated by the Citizens’ Research Foundation on behalf of the Research Committee on Political Finance and Political Corruption, an affiliate of the International Political Science Association. This collection of articles on aspects of the financing of politics and regulatory systems in thirteen countries took root at a conference organized by Rei Shiratori and held in Tokyo, Japan in September, 1989. The Tokyo Roundtable, entitled “Theories and Practices of Political Finance and Election Administration,” was jointly sponsored by the Institute for Political Studies in Japan and the Research Committee. The book includes updated chapters selected from among the Tokyo conference papers; chapters on Brazil, France, Korea, and Germany were added subsequently, as were the introductory chapter by Herbert E. Alexander and Rei Shiratori, and the chapter on Canada and the United States by Karl-Heinz Nassmacher.

In recent years, there has been an increase in the number of scandals related to political financing, even leading to governmental crises in countries such as Italy and Japan. Governments have sought to respond by enacting new laws to regulate or to alter their national systems of political finance. Among the reforms are laws governing disclosure or transparency, expenditure and contribution limitations, as well as direct and indirect forms of public subsidies to political parties, candidates, and related organizations, such as party foundations; some of these topics were the subject of recommendations made in a Tokyo Declaration proposed at the Tokyo Roundtable, as noted in the introductory chapter.

This collection of essays not only consists of case studies of various countries, but presents several country-by-country comparisons and a conceptual framework that enables the reader to understand the context and implications of funding sources, campaign expenditures, and regulatory systems. Among the specific themes discussed are: the effects of public money on political systems, the roles of public funding in comparative perspective, the relative merits of direct and indirect public funding, the effects of national election regulation on encouraging or discouraging public
participation, partisan alignments on the issue of public financing, campaign costs, the unanticipated consequences of legislative responses to campaign funding abuses and calls for political finance reform, the ambiguous interrelationships of local and national political financing, and the relationships of viable and stable (or lack thereof) political systems to political financing and public funding.

While political finance in its widest application is its prevailing theme, this book emphasizes the particular roles of forms of public assistance as an underlying issue. Of the thirteen countries studied, the roles of each nation's system of public assistance is dealt with by the analysts. The book embraces countries with presidential as well as parliamentary systems, and with both strong and weak party systems. Particularly important in this regard are the chapters dealing with the Asian countries of Japan, India, and Korea, where the questions of political financing as well as public assistance have heretofore been only rudimentarily examined.

Scholarship regarding political finance and election reform in individual countries, and on a comparative basis, has been nurtured by the Research Committee, chaired by Herbert E. Alexander.

As recently as thirty years ago, only a handful of scholars had turned their attention to the study of political funding, of how election campaigns were financed and what the influence of money meant. The activities of these few academics stirred scholarly awareness, but often it was events and actions outside academic halls that brought the matter into public view, as suggested in the introductory chapter.

In recent years, popular interest in political finance has grown exponentially among academics, legislators, the media, and the general public. A sizable number of political scientists now turn their attention to the role of money in politics; organizations have been established to monitor, from various perspectives, the questions of political financing; newsletters have developed, devoted entirely to the subject; and the regulation of political money is now among the most important items on the legislative agenda in many countries.

The interrelations of money and politics have gained attention, not only in the popular sphere, but within the academic community as well. This book highlights sophisticated analytical and expository treatment of the subject among scholars. As a collection of essays by pre-eminent political scientists in the United States, the United Kingdom, Europe, and Asia, it is an in-depth exploration of political finances in and among mature and developing democracies of the world. In addition, the essays in this book project the problems of political financing into the twenty-first century.

The literature on comparative political finance is relatively thin. There are currently a limited number of comparative political finance volumes published in the English language: Comparative Political Finance: A Sym-

The present volume seeks to address political finance matters in certain countries included in the above-mentioned books, but adding a dimension by including chapters on Brazil, India, Japan, and South Korea.

The Introduction requires special acknowledgement to Kassem Nabulsi, research assistant at the Citizens’ Research Foundation and a graduate student in the Department of Political Science at the University of Southern California. Kassem contributed greatly to the research and organization of the chapter, making an invaluable contribution to its entirety.

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None of those who were so helpful is responsible for errors of omission or commission; for those, as for the interpretations, the editors bear sole responsibility.

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Introduction

Herbert E. Alexander and Rei Shiratori

Although democracies ideally provide their citizens with free, fair, periodic, and competitive elections, they must do so while tempering the effects of economic inequalities which enable wealthy persons to translate their economic power into political power. Economic resources are brought to bear upon the political process in many ways, one of which is monetary contributions. In virtually all democratic societies, political donations serve as a significant medium through which command over both energies and resources can be achieved. Money enables individuals as well as groups to develop means of influence and power, competing within the arena of existing political structures, institutions, and processes established by the community for its governance.

The Role of Money

Money's distinguishing characteristic is its ability to be transferred without revealing its original source. In this sense, the importance of money lies in the ways it is used to gain influence by converting it into other resources, or by using it in combination with other resources, to achieve political power. In politics, the convertibility of money is of special advantage; money can buy goods, skills, and services that may not, or cannot, be volunteered. Other resources in turn can be converted into political money, an option which is implicit, for example, in an incumbent's use of public office to award contracts and jobs, control the flow of information, and make appropriate decisions.

Thus, efforts to reconcile the conflict between real inequalities in economic resources and idealized equalities in political resources—and to prevent undue influences generated by monetary donations—become embodied in the goals which election reforms are designed to achieve.
By their nature, electoral reforms are not neutral. They are designed to minimize economic inequalities by restricting the use of resources for political purposes and to maximize political equalities by expanding resources to increase electoral competition. In addition, election laws are used as instruments to achieve certain political goals, influence, power, and control of policy and its implementation. As such, these laws tend to give the "party-in-power" the most advantages; the "party-in-opposition" may accept the changes hoping that when it is in power it will reap the same benefits. In democracies with multiparty systems, parties form coalitions and forge alliances in anticipation of, and as a response to, election law changes.

In every election, the candidates, the electoral process, and the political system are faced with two major issues of concern. The first is rising election costs which trigger the candidates' and the parties' ever-increasing desire to acquire the money to meet these costs. The second concern, which is a corollary of the first, is corruption or the perception thereof. A mixture of "needy candidates/needy parties" and "greedy contributors" may lead the latter to put pressure on the former, possibly creating undue influence. This, in turn, undermines the legitimacy of the political system, the fairness of the electoral process, and the participation of the electorate.

These two concerns are often considered a sufficient reason for a legislature to attempt to reform, regulate, and monitor the flow of money in elections. Not every political culture, however, is a fertile ground for the implementation of election reforms. In addition, there is always the chance that reforms may produce unintended or unforeseen consequences for which no foolproof safeguards can be found.

Notwithstanding these difficulties, attempts to minimize the influence of economic power and prevent electoral corruption are worth trying. To make reforms in accord with its national history and culture, compatible with its government structure (parliamentary, presidential, or a mixture of both), and relevant to its other nation-centric variables, (party-oriented or candidate-centered politics), each country may inject various modifications to legal frameworks of regulations and methods of implementation.

In countries where election reforms achieve their intended goals, reforms should be regarded not as an ultimate end, but as a step in a process. Nor should election reforms be deemed a panacea for all of a democracy's shortcomings, but rather an attempt to limit the number and minimize the effects of these shortcomings.

Although the intended forms of regulation depend on the proposed goals of reform, public financing has been a favorite "practical" political reform in many democracies. Public funding has been an instrument through which legislatures have attempted to minimize opportunities for
Introduction

undue influence on officeholders by private contributors. Public money provides alternatives to special interest money and also enables candidates to present themselves and their ideas to the electorate.

Despite its widespread practice in one form or another, public financing has not been as effective at curbing influence-peddling and corruption as its advocates claim. Nor has public funding necessarily been a recipe for effective governing. In fact, Italy's political impasse and its institutionalized corruption have moved the Italian electorate to vote for the abolishment of public subsidies for political parties.

Scandal and Reform

To be sure, incredibly large monetary contributions and flagrant briberies have permeated the world of politics in most continents: Japan and South Korea in Asia; Brazil in South America; Mexico and the United States in North America; and Italy, Germany, and Spain in Europe. Whatever their stage of democratization (developing or developed), their form of government (parliamentary or presidential), or their level of public funding (partial or substantial), these countries have witnessed the proliferation of scandals stemming from monetary contributions to gain political favors. The size, scope, and intensity of corruption differ from country to country, with Italy's political system being affected the most and Spain's the least.

Italy. Since 1974, Italy has provided its political parties with public subsidies to defray the costs they bear during elections—regional elections, elections to the Chamber of Deputies, elections to the Senate and to the European Parliament. Public funding also consisted of state contributions to cover the costs of the parties' "routine work and activities." On April 19, 1993, however, the Italian electorate voted overwhelmingly (90 percent) in a referendum to end public financing of political parties. The Italian political system appears unable to respond effectively because it has been embroiled in "the largest public-corruption scandal in modern European history," a scandal that prompted the voters' reaction.

The investigation into kickbacks to political parties in return for public-works contracts has revealed widespread corruption. The inquiry, called "Operation Clean Hands," has claimed the lives of seven high-ranking officials, including a former minister who committed suicide after being formally notified that they were under investigation for violating laws on party financing. So far, 1,500 politicians—including two former prime ministers—and businessmen have been imprisoned or interrogated, and six Government ministers and four heads of major political parties
have resigned their posts. The money value of projects involved in kickbacks and bribes has been estimated to be some $193 billion. The cost to the taxpayers in the last decade is estimated at $20 billion, the amount by which state contracts were inflated to cover bribes. In a move to protect Italy, its President, Oscar Luigi Scalfaro, said the scandals threatened the state.

Italy's scandals epitomize the abuse of money in politics. However, the convertibility of money into political power and the close relationships between the business community and the political establishment is not a phenomenon unique to Italy's political system.

Japan. Japan has been embroiled in political scandals involving influence-peddling and briberies for the last two decades. Ever since the disclosures of improper payoffs to members of Parliament (Diet) forced Prime Minister Noboru Takeshita to resign in 1989, a string of Cabinet ministers and other top politicians, both in and out of government, have been implicated in cases of unreported contributions. Some have been indicted, particularly Shin Kanemaru, who has been "credited for the appointment of three of the last four prime ministers."

Although Kanemaru was charged with evading millions of dollars in taxes, his arrest was accompanied by the discovery of hundreds of pounds of gold bars and roughly $50 million in cash hidden in his home and offices. Investigators also discovered a safe filled with approximately $34 million in cash in Kanemaru's son's house. These staggering amounts of money stunned even those accustomed to corruption, and also "destroyed the credibility of longstanding claims by political leaders that large amounts of money are needed to conduct political activities." For a two-year election cycle, the average member of Japan's Diet raises and spends more than four times (about $2 million) as much as an average United States House member reports spending, even though the former has roughly half as many constituents and does not use television advertising.

Because the government of Kiichi Miyazawa was unable to pass a reform bill to restore public faith in government, on June 18, 1993, the Japanese Parliament passed a vote of no confidence in Miyazawa's Government. Consequently, Prime Minister Miyazawa dissolved the government and called for elections that were held in July 1993. Within months, the new Premier, Morihior Hosokawa, was reported to be making progress toward election reform.

Brazil. Although corruption has been a fixture of Latin American governance since colonial times, Brazil's corruption scandal is a traumatic, ironic, and yet positive political experience. It is traumatic because it led
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to the resignation of its first democratically elected president in three decades. Also, as a candidate, Fernando Collor de Mello, ran and won on a platform of clean government, but ironically, was forced to resign after the lower house of Congress had impeached him and the Senate had begun trial proceedings on corruption charges. Nonetheless, Brazil's experience could be positive because it may portend a new beginning for Latin America's "new democracies:" "never before had the same political and legal system that brought a president to power turned around and judged him for such offenses and forced him to resign."18

Congressional investigators claimed that computer files maintained by Paulo Cesar Farias, the President's friend and former campaign treasurer, revealed that President Collor ran an influence-peddling ring in which businesses winning state contracts had to pay kickbacks of up to 40 percent on multi-million-dollar deals.19 Collor was charged with receiving $8 million in bribes solicited by his family and friends in return for political favors; the influence-peddling ring netted more than $55 million.20 It was disclosed that $2.5 million in proceeds from the scheme had been spent on building the President an elaborate garden with waterfalls, a swimming pool, and a lagoon.21 Investigators also have established that Farias managed to net $32 million out of the pockets of taxpayers and businesses, some 10 to 30 percent of the total cash flow.22 Long after Collor's resignation, Farias testified before Brazil's Supreme Court that the $8 million he had deposited in various bank accounts for the personal expenses of Collor's family were part of $28 million left over from $100 million collected to finance campaigns of Collor's allies.23

Mexico. Although the Institutional Revolutionary Party (PRI) has been governing Mexico for the last 65 years, winning a 1992 governor's contest in Michoacan cost 120 billion pesos (U.S. $38.4 million). At that rate, the next national presidential election would cost 2.58 trillion pesos (more than $900 million), according to Mexico city's El Financiero Internacional.24 Although for decades Mexico's opposition parties have accused the government of financing the PRI and rigging elections in its favor,25 political contributions remained effectively unregulated and reforms were not contemplated seriously. Opposition protest and public outcry grew louder after the disclosure that President Carlos Salinas de Gortari presided over a private dinner on February 23, 1993, at which nearly 30 of the country's most powerful business people were asked to donate $25 million each to the PRI.26 Critics charged that most of the guests solicited by President Salinas profited from the purchase of state companies or received special consideration from government negotiators of the North American Free Trade Agreement (NAFTA).27
Government officials confirmed Salinas' action. However, they explained it as an effort to break the governing party's historic dependence on state resources by establishing a party endowment fund. Seeking to dispel domestic criticism and attempting to gain the ratification of NAFTA by the United States Congress, President Salinas proposed a series of political changes, including limits on campaign spending, requirements that parties disclose the source of their funds, and measures to provide the opposition with more equal access to the news media.

**United States.** The United States has strict federal election laws. However, contributions of hard and soft money demonstrate that the reality of political finance may not always conform to the intended goals of those laws. A case in point is the $1.3 million in political contributions made by the Lincoln Saving & Loan's president, Charles H. Keating, Jr., and his family and associates. Under government pressure to close Lincoln, Keating made numerous political contributions to five U.S. or to soft money recipients they designated.

The senators, dubbed the "Keating Five," received direct contributions of $324,000: Alan Cranston (D) received $47,000; Dennis DeConcini (D), $55,000; John Glenn (D), $34,000; John McCain (R), $112,000; and Donald Riegle (D) received $76,000. In addition, soft money contributions were made to committees working on voter registration and turnout; some of these tax-exempt committees were related to the five senators.

The five senators were accused of having engaged in an extraordinary effort to help Keating fend off regulators. Although the senators claimed that they were performing constituency service and denied doing favors for Keating because of his political donations, there can be little doubt that Keating made those contributions in order to gain political favors. In a news conference, Keating articulated his position as follows: "One question, among many, has had to do with whether my financial support in any way influenced several political figures to take up my cause. I want to say in the most forceful way I can: I certainly hope so."

**South Korea.** In South Korea, the founder of the Hyundai industrial group and formal presidential candidate, Chung Ju Yung, was charged with election fraud, embezzlement, and campaign funding violations. Chung was accused of ordering Hyundai executives to embezzle about $60 million from the company and illegally funnel the money to the party to underwrite his 1992 presidential bid. He denied the accusation, claiming that the fund was created with the proceeds of stock he had sold.

In 1992, Chung, his company and his family were forced to pay almost $181 million in back taxes and fines. His son was arrested, as were two of his closest aides. However, Chung tried to implicate other politicians in
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the scandal, claiming that he could prove that the last three South Korean presidents were secretly taking money from Hyundai industrial group. His proof was that he had personally paid some of it.\(^{36}\) He was sentenced to three years in prison.\(^{37}\)

**West Germany.** The 1987 conviction of two former West German Economics Ministers, and the former deputy chairman of the Flick holding company, on income tax evasion had ended a wide-ranging political pay-off scandal which came under investigation in 1981.\(^{38}\) The investigation provided a glimpse into a vast network of illegal corporate payments to the three major parties, often through tax-free "donations" to dummy charities. Although the defendants were acquitted of the principal charges of bribery and influence-peddling, the scandal eroded popular trust in West Germany's three established parties and contributed to the rise of the Green Party.\(^{39}\)

In 1985, the three major German political parties supported the enactment of a law that made corporate donations to political parties tax deductible; the small Green Party opposed the legislation at the time.\(^{40}\) In 1986, in an eight-to-six vote, the Federal Constitutional Court of West Germany declared such a law unconstitutional. At the time, contributions by individuals were tax deductible up to the equivalent of $545, while corporate donations were limited to two-tenths of 1 percent of a company's total sales and salaries.\(^{41}\)

**Spain.** Although on a much smaller scale than any of the countries discussed, Spain has witnessed the eruption of a scandal that might engulf some high ranking politicians. The scandal, which surfaced in 1991, involves charges of illegal funding to the ruling Socialist party in the late 1980s. The revelations led to the resignation of the former Socialist finance chief, who stated that he alone was responsible for party funds and that he was confident he had not committed any illegal act.\(^{42}\)

**The Tokyo Roundtable**

Most of the corruption scandals discussed here have occurred, have increased in scope, or have been disclosed, only after the Tokyo Roundtable conference on "Theories and Practices of Political Finance and Election Administration" took place in 1989. The discussion was held under the auspices of the International Political Science Association's Research Committee on Political Finance and Political Corruption and the Institute for Political Studies in Japan (IPSJ).
Information about the size and intensity of most of these scandals was not available to the participants; thus, they were not so alarmed. Despite the absence of such information, the participants held a detailed and comparative discussion of legal and institutional regulations concerning political finance, electoral systems, and electoral administration. All present agreed on the need for fair and democratic election procedures to maximize the participation of the voters. In that spirit, they adopted the "Tokyo Declaration on Elections and Election Administration in Democratic Countries," although not all of the participants agreed with each of the following recommendations.

**Electoral Systems:**
1. In general, the principle of "one person, one vote, one value" should be paramount as a basis of fair representation, though the details of electoral systems may be varied.
2. Fair representation also means setting the boundaries of electoral districts in an impartial way. In order to achieve this, organizations free from partisan pressures are recommended.
3. In general, the voting age should be lowered in accordance with the advancement of education. Normally, the vote should be given from the age of 18.

**Electoral Administration:**
1. Every government should realize that effective electoral administration is basic to democracy. They should, therefore, assign sufficient staff to administer elections efficiently.
2. Government should take an active responsibility to ensure that the rolls of electors entitled to vote are accurate and up-to-date.
3. It is undesirable to make a long period of residence at one address a condition of being placed on the electoral roll.
4. In general, citizens living abroad should have the right and should be able to vote at least in national elections in their home countries.
5. Foreigners residing permanently in a country should have the right to vote in local elections.
6. In general, the publication of public opinion polls should not be restricted, but polling organizations should be obliged to release relevant technical information, such as the size and methods of sampling used and the specific wording of questions asked.

**Legal and Institutional Regulations of Political Funding:**
1. There were various opinions about whether financial aid should be given out of public funds for election campaigning and/or for party
organization. However, most scholars favored the provision of free advertising time for parties and candidates on television and radio.

2. The names of large scale political donors to parties and candidates should normally be open to public inspection.

3. Small scale political contributions by individual citizens should be encouraged. Political contributing should be considered a positive act of political participation.

4. Financial reports of the parties, candidates, and public office holders should be made on a regular and periodic basis, and should be submitted to public inspection and audit.

5. There should be separation of political activities of the candidates and public office holders which are financed by political funds and their private lives which should be financed by their private funds.

The “Tokyo Declaration” represents a framework within which the participant scholars provided individual assessments and analyses of political finance problems for particular countries and expressed collective agreement on some recommendations to remedy the problem. The Declaration can serve as a point of departure for further research by those interested in understanding the nature and the role of money in politics. Its proposed recommendations serve as a reference point for those interested in achieving a more level playing field in the democratic process in general and the electoral process in particular.

It is interesting to note that some recent campaign reform proposals, especially those advocating full disclosure and free access to the media, advanced and endorsed by political parties and public officials of the different countries having scandals recounted above, resemble those recommendations articulated by the scholars of the Tokyo Declaration.

Notes


12. Sanger, "$50 Million Discovered in Raids on Arrested Japanese Politician."
17. In the same article professor Castaneda asked if Venezuela's Carlos Andres Perez will survive a congressional investigation, "a congressional search-and-destroy mission like the one Collor fell victim to in Brazil?" The compelled resignation of President Perez in May 1993 not only answered professor Castaneda's question in the negative, but also may be considered as further evidence to the "new" way Latin America's democracies have chosen to deal with corruption.
18. Castaneda, "Is Latin Corruption Finally to Be Punished?"
22. Ibid.
27. Ibid.
28. Ibid.
29. Ibid.
30. Soft money is raised and spent outside the restraints of federal law and is determined by state laws, many of which are less stringent than federal law.
32. Ibid.


39. Ibid.


41. Ibid.


43. Seventeen scholars from twelve countries (Australia, Austria, France, India, Japan, Korea, Netherlands, Philippines, Singapore, Sweden, United Kingdom and United States) met in Tokyo from September 8-11, 1989.

assistance to their candidates with staff from the headquarters or from surrounding constituencies appointed as full-time helpers for the duration of the campaign (and sometimes for months before the date of the poll is announced); computer facilities and national speakers flow into the constituency. Were all the costs to be counted, they would far exceed the legal limits for a parliamentary candidate’s election expenses.

The party organizations avoid incurring expenses in a number of ways, such as professional agents employed by the headquarters taking an unpaid leave of absence in order to work in the by-election, or visiting speakers from London making a stopover in an adjacent constituency, thus avoiding the need to include the expense of a long-distance fare. It is unclear, however, whether such devices are legal. Though the main parties have not challenged each other, a minor-party candidate could theoretically initiate an election petition. In order to avoid this risk, the expense limits for by-elections were raised in the Representation of the People Act, 1989, to four times the level for parliamentary campaigns during general elections. Moreover, the Home Secretary undertook to review the broader field of election expense law, though this did not lead to any further changes in the laws concerning candidates’ expense limits.

Notes

1. From 1977-1978, the Conservative Central Office accounts no longer included information about the party’s reserves.
2. For statistics of expenditure in the April 1992 election, see the author’s “Labour’s £10 million campaign spending closes the gap with the Tories,” The Times, November 30, 1992.
3. In addition to campaign funds collected for the Conservative Central Office, one of the party treasurers, Lord McAlpine, raised separate funds to pay for independent private opinion polling for the Prime Minister. See D. Butler and D. Kavanagh, The British General Election of 1987 (London: Macmillan, 1988), p. 35. This extra fund was probably a five-figure sum.
5. The sums actually transferred from constituency parties to the Central Office amounted to about 85 percent of the totals given in Table 1, which include “quota credits.” The quota credit scheme was discontinued from the time of the 1987 general election and “quota credits” were included in the statistics for constituency payments made in 1987-1988 only for those sent before the election. Apart from this discontinued scheme, constituencies were also credited for the interest on loans made to the party headquarters.
6. Routine expenditure was lower, however, as mentioned earlier. In 1979-1983, spending considerably exceeded income.
8. The task of comparing party spending is complicated by the fact that the Conservative accounts run from April to March while Labor’s correspond with the calendar year. Calcula-
tions for routine spending in the 1983-1987 cycle have been based for the Conservatives on three-quarters of Conservative routine spending for 1983-1984 and one quarter for 1987-1988 (and the three intervening years) and for Labor on one-half for 1983 and 1987 (and the intervening years).

9. Information about some sources of Liberal donations was revealed by the Labor Research Department (a separate organization not connected with the Labor Party) in *Labour Research*, May 1985. BSM Holdings, the parent company of the British School of Motoring, gave £188,000 to the Liberal Party in 1983, £5,000 in 1981-1982, and £25,000 in 1982. Its chairman, Anthony Jacobs, was the Liberal treasurer.

10. These statistics are based on information from Liberal and Social Democratic Party officials.

11. See the author's *British Political Finance*.


13. There is a detailed account of the Trade Union Act, 1984 and of the subsequent political levy ballots in Keith Ewing, *The Funding of Political Parties in Britain* (Cambridge: Cambridge University Press, 1987). Shortly after the Act, seventeen new union political funds were established, mostly in white-collar, public sector unions. They included the Inland Revenue Staff Federation, National and Local Government Officer’s Association (NALGO), National Union of Civil and Public Servants, and the National Association of Teachers in Further and Higher Education. Though these funds were not used to make contributions to the Labor party, some of them, particularly that of NALGO, were to be sued in the advertising with a clear anti-Conservative message.

14. About 80 percent of donations to BUI are passed on to the Conservative Central Office, constituency associations, and other party organizations. Although BUI has functioned mainly as a conduit for the Conservative Party fund-raising there have been rivalries between BUI and Conservative Board of Finance, as shown in documents leaked to *Labour Research*, July 1988. If 20 percent of donations are excluded from the reckoning, then the total of donations reaching the Conservative Party either directly, or through BUI and the industrialists’ council, was £3.8 million. A larger survey of donations by 6,000 companies in 1987-1988 revealed total donations to the Conservatives and allied funding organizations of £4,743,303 (Labour Research, December 1988).

15. This measure is only rough for a number of reasons: (1) the Labor Party surveys do not cover all company reports; (2) different companies have various dates for beginning and ending their financial year (April 1-March 31); (3) some company donations go to constituency associations, not to the Central Office. Despite these provisions, the declining importance of corporate payments emerges clearly. Donations to the Central Office in 1987-1988 totaled approximately £4.5 million. Less than £4 million came from the companies covered by the survey of 1,300 company reports. The sources of donations totaling more than £10 million remain to be explained. Speculation about these “missing millions” grew both before and after the 1992 general election and was the subject of articles in a magazine, *Business Age* (May 1993) and the anti-Conservative national daily, *The Guardian*, regarding alleged funding from foreign sources. In the summer of 1993, a parliamentary committee, The House Affairs Committee, conducted an investigation into the funding of political parties and the author was one of the witnesses. At the time of writing, the Committee’s report has not yet been issued. The large newspaper coverage and speculation of 1993 has so far produced much heat but little light since all three main parties have refused to list individual contributions in the periods before the election of 1987 or 1992.
Conclusions

The series of highly visible state government commissions that have documented political corruption in Queensland, New South Wales, and Western Australia, and the continued pressure of increasing campaign expenses in Australia, forced radical action by the national parliament of Australia in late 1991. Most of the state governments are still working with the issue, but national legislation dictates major changes in state-level campaigning and in how monies are to be handled by state parties as well.

It will take some time to see how well this new legislation will work. The Liberal/National Party Opposition in the national parliament strongly opposed the severe restrictions placed on advertising through the electronic media in national and state elections. Since they are strongly favored to win government in early 1993, and have the backing of the High Court, the future of these provisions is hardly secure.

Nevertheless, there does seem to be broad, non-partisan support for greater openness and accountability in private donations to election campaigns. The new Act gives reason to hope that this goal might be achieved during the next few years. But with the high cost of elections and the hesitation regarding spending limits, Australian election funding remains a serious question for the future.

Notes


2. Differences are discussed in the author’s chapter in Alexander, Comparative Political Finance, pp. 83-84.


4. The judge in the original trial held that Loosley had made an “honest mistake” but that as Chief Administrative Officer, he had failed to install appropriate procedures to avoid such errors. Loosley’s original conviction did not prevent him from being selected for the Australian Senate in 1990 or from becoming national Labor Party president in 1991.

5. See the author’s, “Campaign Donations: The Real Issues,” Current Affairs Bulletin, Vol. 64 (March 1988); see also the author’s testimony before the Joint Committee on New South Wales Electoral Funding, November 1991.

6. Who Pays the Piper, pp. 77-78.
7. The Australian Democrats are a party of the center, capable of tipping the balance in the Australian Senate (elected by proportional representation in state-based constituencies). Their support has been critical for the passage of Labor Government legislation in the Senate since Labor was elected to the national government in 1983.

9. Ibid., p. 130.
10. Ibid.
11. Ibid. pp. 132-133.


14. All dollar amounts are reported in Australian dollars; the Australian dollar floats broadly across a wide currency exchange band but was trading at about $U.S. 0.75 as of January 1992. All official figures taken from the appropriate reports of the Australian Electoral Commission produced after the 1984, 1987, and 1990 elections.

15. The Labor and major opposition parties received 92 percent of the public funding subsidy in 1987. The six percent reductions in 1990 were due to the substantial increase from 8.1 percent in 1987 to 17.4 percent in 1990 of first preference votes from minor party and independent candidates in House of Representative contests in 1990.


18. Free time for state and national elections was already being provided by the public radio stations and the television channel funded by the government, the Australian Broadcasting Commission. For a full discussion of the Lee Committee proposals, see *Who Pays the Piper*, Chapter 10.

19. Ibid., p. 123.

20. Ibid., p. 124.

21. Ibid., p. 123.

22. Ibid., p. 61.


25. The states each elect twelve senators and the two territories elect two senators each. The senators elected from the states are normally chosen for set, three-year terms in groups of thirty-six (six from each state) on a proportional representation basis, using an optional lists system and exhaustive preferential voting. An occasional double dissolution of the entire House and Senate occurs (most recently in 1987) and all seventy-six Senators are chosen in such an election with one-half of the seventy-two state-elected members serving for three years and one-half chosen for six years. The four territory senators face re-election after a three-year term.

26. The "election period" is normally defined as the period between when an election is announced and the close of voting on election day, a minimum of thirty-five days. Some exceptions were included in the Act for special types of elections. The ban applied to referenda campaigns and by-elections as well as regular elections for state and national parliaments. Public information materials sponsored by the relevant Electoral Administration, and certain other minor exceptions, were allowed in the Act.

27. Provisions are summarized here from the Political Broadcasts and Political Disclosure Act of 1991 as adopted by the Australian Parliament in December 1991 and proclaimed in January 1992. Provisions of the Act were to be subject to administrative regulation and implementation by the Australian Broadcasting Tribunal and the Australian Electoral Commission. Most of these regulations and documents were still forthcoming as this chapter was being written.
28. These implications are discussed intelligently by David Solomon in the Weekend Australian, February 1-2, 1992, pp. 23-24.


30. Ibid., p. 90.

31. Ibid., pp. 133-135.


33. Ibid., pp. 492-537.

34. Much of the material on political corruption in Western Australia in the 1980s has been canvassed in a series of feature articles, "Oath of Office," in the Sydney Morning Herald, February 8, 1992, pp. 33, 39; and February 10, 1992, p. 6.
shortcomings, the current system represents a notable improvement over the previous system. The aims of the reformers were enormously ambitious, and quite probably not all of them can be achieved. Those that are will be reached only step-by-step, as new approaches to campaign finance regulation are tested in the crucible of the quadrennial contest for the presidency.

Notes

9. To qualify as a multicandidate committee, a committee must have been registered with the appropriate federal officer for at least six months, have received contributions for federal elections from more than fifty persons, and have contributed to five or more federal candidates.
12. 424 U.S. at 51.
13. For an extensive discussion and excellent analysis of presidential PACs, see Anthony Corrado, Creative Campaigning: PACs and the Presidential Selection Process (Boulder: Westview Press, 1992).
states. In Indiana, creating a special commission to police political ads and literature has been debated, while in Washington legislation has been proposed to deal with false and malicious political advertising. Legislation has been introduced in Alaska to prevent lobbyists from being directly or indirectly involved in the solicitation of campaign funds. New Jersey law, demonstrating different concerns, requires gubernatorial candidates who accept public funding to participate in two public debates. Clearly, there is no limit to the diversity of state activity in the area of campaign finance. Without much fanfare, the regulation of campaign finance continues to be the focus of interest and activity in the states, with the product of these valuable laboratories providing new lessons in the democratic electoral process.

Notes


3. The states of Massachusetts, Ohio, and Tennessee prohibit corporate contributions but do not restrict most union contributions; Kentucky, Michigan, Minnesota, Montana, Oklahoma, West Virginia, and Wisconsin prohibit corporate contributions and restrict union gifts; Alabama, Mississippi, and New York limit corporate contributions but not union contributions. The majority of states also put restrictions on contributions from banks, insurance companies, and utilities, especially those doing business with the states.

4. Under FECA, public funds provide partial funding for the major parties' nominating conventions but no public money is allocated for any other party activity.

In the 1980s, Gallup polls had acquired an unprecedented popularity among Brazilian politicians, parties, and electors. What was formerly the exception became the rule, obliging parties and politicians to rely on data from polls to win the allegiance of the electors. In 1989, the candidate Fernando Collor de Mello prepared a sophisticated strategy for following the trends in public opinion surveys. Other candidates did likewise, but apparently none of them organized such a complete and comprehensive scheme as Collor de Mello. After polls taken in February had shown him to be the preferred candidate of a mere 2 percent of the electorate, Collor de Mello managed to alter this picture by employing the elaborate technology of propaganda, as well as the technically correct use of surveys, and was elected president in December of that year.

Estimating the costs of the 1989 presidential election campaign is very difficult. The shortcomings of Brazilian legislation that exercises practically no effective control over such expenses, plus the singularity of this particular election, contributed considerably to the fact that a significantly large amount of money was spent on the campaign. If one includes the money spent from February, the figure may appear immense. Although the first round of the presidential election of 1989 did not take place until November 15, parties and politicians had clearly been on the campaign trail since the beginning of the year. Collor de Mello, for instance, obtained legal permission to speak on a national television network for three successive months, causing his popularity rating to rise from a negligible 2 percent to more than 20 percent by the end of June. Even in the first semester, expensive, well-produced programs were being used by the parties.

The perception that billions of dollars may have been spent to elect the first Brazilian president since the fall of the dictatorship does not seem at all fanciful. Indeed, in the ten months of real campaigning, many small jets were hired, many trips were made all over a country of continental dimensions, numerous television and radio programs were made, and a great many national and foreign groups and trade union organizations were involved. If one bears in mind that as president-elect, Collor de Mello, traveled in a private jet with a group of friends for ten-day vacation in the Seychelles, calculations indicating that the sum total of money spent on the election campaign for the presidency of the Federative Republic of Brazil in 1989 exceeded $2 billion does not seem farfetched.

And some of the sources of the money led to President Collor de Mello’s downfall.

Note

Regulation of Political Finance in France

automatically declared ineligible for one year if they have not submitted their accounts within the allotted time, and their election may be cancelled if they have won. This control may appear too cumbersome to be effective, but the National Commission of Campaign and Political Financing Accounts has appointed delegates to the various departments to rapidly monitor the accounts and submit those found unacceptable to the election judge (an administrative judge for local elections and the Constitutional Council for parliamentary elections). The March 1993 campaign was noticeably more temperate than the preceding ones. In addition, continuing criminal proceedings (two former treasurers of the Socialist Party were charged as accomplices to corruption in September 1993; several right-wing members of Parliament have been tried or convicted since the beginning of the year) are keeping politicians in line. The era of impunity is decidedly at an end.

Notes

3. Textes et documents relatifs a l’élection présidentielle des 24 avril et 8 mai 1988, La Documentation française, Notes et études documentaires, No. 4865.
Problems in Spanish Party Financing

These considerations summarize the positive effects public funds could have, but the Spanish experience demonstrates that those consequences depend upon other factors which, together with public subsidies, define a particular system of party financing.

The rules of party finance in Spain prescribe a dominant role for public funding and no comparative legislation punishes the use of private funds as do the Spanish rules of party financing. By imposing a strongly statized system and condemning private financing, continuing private financing operates outside the control of the established mechanisms of the law. This system fosters irregularities and corruption which would be less likely to develop in a framework of complete freedom and disclosure.

Spanish rules on party finances need major reform, and the role of private funds must be reconsidered. If private donations constitute a way to reinforce the party/society relationship in a liberal democratic system, they are more necessary in the Spanish system where affiliation to political parties is loose and dues are not a substantive percentage of their income. Correspondingly, the role of public funds also has to be reconsidered. State revenues can help party financing but cannot be the solution to party finance needs. Other factors, such as setting limits on electoral expenses, developing the instruments needed for effective disclosure, and increasing the state funds that parties annually receive for regular expenses, all need to be revised by the legislature.

A different legal framework for party financing is expected to help in the solution of some of these problems, but much will depend on the parties. Party responsibility is an indispensable element in halting the practices that have been common features of party financing. Under any indicator the Spanish democracy can be considered a consolidated democracy, but its low quality is underlined by the level of political corruption found therein.

Notes

1. While reviewing this article for publication, the Prime Minister has called for advanced national election. Among the factors explaining the Prime Minister’s decision was judicial investigation of illegal party finance. The Filesa case, later explained in this article, has played a decisive role in this action.


3. As was recognized for most parliamentary groups in 1985, see “Boletín Oficial de las Cortes,” Congreso de los Disputados. Madrid, March 14, 1985, pp. 104 and 105.

5. Del Castillo in Alexander, pp. 186-188 (see footnote 2 above).

6. The report elaborated by the previously mentioned Inquiry Commission is discussed in detail in the author's, "Ley electoral y financiación de las campañas electorales." Madrid, 1985 (unpublished). The study was developed with the support of the Centro de Estudios Constitucionales.


9. See the author's "Ley electoral y financiación," p. 45.

10. The effects of discrimination against minor parties are shown in the author's, "Financing of Spanish Political Parties," p. 177, Table 2, and "Financiación de las elecciones generales de 1986," Revista de Derecho Político, Vol. 25, 1988, Table 1, pp. 124-125.


12. The Tribunal de Cuentas has not fulfilled its legal duty in annually publishing a report on party ordinary expenses and income. Currently, the only the one corresponding to 1987 has been published.

13. For example, in 1991, the organization secretary of the government party, the Socialist party, declared that his group had a debt of 5.995 billion pesetas. See El País, June 23, 1991, p. 19.

14. These statements were published by several newspapers. See, for example, El País, April 23, 1991, p. 1 and "ABC," April 1991, p. 17.

15. Ibid.

16. These practices have mobilized the Stockholder Association into demanding legal guarantees for shareholder rights since, in most cases, the shareholders did not know about the political donations given by their companies. See El Mundo, June 7, 1991, p. 11.

17. At this writing, a new scandal has arisen relating to some of the policies followed by the former staff of the public railroads. The former General Director of the Public Railroad office, now Minister of Public Health, was accused of speculation by artificially increasing the price of some land and selling it to private companies.

upon the legitimacy of the party system, a tradition of strong negotiating organizations, and the absence of scandals related to party finance.

The introduction of public funding has made Swedish party financing mostly transparent, but there are significant exceptions: minor parties, especially those without representation in political assemblies, and "big money" (money which comes indirectly from companies and unions in the election campaign and is not recorded in the budgets).

Swedish political parties are heavily dependent upon public funding at all levels of the organizational hierarchy. Even Swedish newspapers with a traditionally strong connection to the political parties have received public subsidies since 1972. In addition to the general subsidies to the parties, a set of small selective subsidies has been introduced.

There is a real risk in Sweden that the established political parties lacking a ceiling on public funding will allow it to spiral out of control, slowly disengaging from the people they are supposed to serve. This risk is reinforced by the lack of an effective judicial control over public funding in Sweden. The real test of the consensus strategy may be yet to come.

Notes

5. It is however, possible to appeal against a program to a special committee (Radionäamnden).
10. Statens offentliga uttrendningar (SOU), 1951:56.
12. Ibid.
16. Sweden has 284 municipalities (local government bodies) and 23 County councils. County councils are responsible for the health care facilities. For information on the municipal and county council subsidies, see the author’s *Det konnunala partistodet: En studie av kommunernas och landstingens stod till politiska partier* [tr.: The Public Funding of Political Parties by Swedish Municipal and Council Councils of Domestic Affairs] Ds C 1985:8.


Within the VVD, however, the subscription is earmarked as part of the membership fee.

**Conclusion**

Dutch party finance still is relatively modest. Major scandals with respect to party finance are absent. The voting turnout at national elections is about 80 to 85 percent. "Golden cords" between parties and the state do not yet exist as such, and entrepreneurial circles grant very little money to parties. But membership figures are rapidly declining; the income of Dutch parties is under pressure. Parties might begin turning to the state or to trade and industry for financial support in order to prevent a decline in citizen political participation. However, money coming from business circles still is suspect because it undermines the democratic principle of "equality of opportunity," since some parties are evidently more popular among employers than others.

The introduction of a direct state subsidy to parties is more acceptable. It will end the present hypocrisy of granting public money to party-affiliated foundations while pretending that party organizations themselves do not profit from it. In practice, no tight lines of separation exist between parties and these institutions. In order to prevent a petrification of the party system, two conditions must be met. The subsidy must maintain to a large extent its goal-oriented character, in order to prevent parties from neglecting their "qualitative" tasks (education, research, etc.) and spend all their money on their "quantitative" tasks (mobilizing the vote, election campaigns). Also, the subsidy must be linked to the number of seats a party occupies in the Second Chamber. Since the electoral threshold is very low in the Netherlands because of the strict proportional-representation system, this criterion is a good one to combine with the principle of "equality of opportunity," mentioned above.

If the government is going to organize party finance on a more structural basis, it probably will make a proposal along these lines. The color of the party message must not be subject to governmental control, but the passage of that message to the voters might be helped with somewhat more public money.

**Notes**

1. Officially Holland is only a part of the Netherlands. But since this part of the country has been the economic center throughout history, its name has become synonymous with the official name of the country abroad.
5. In fact, the very introduction of proportional representation was probably meant to weaken the existing party system. The liberal prime minister, Cort van der Linden, defended the introduction of the new electoral system by stressing the possibility for independent persons to win seats. History has proven him incorrect; “self-starting politicians” are not known in the Netherlands. On the contrary, the new system has promoted the existence of political parties, since it required national organizations to cope with the need for a balanced list of candidates and a common program. Cf.: W.J. van Welderen Rengers, *Schets eener parlementaire geschiedenis van Nederland*, (The Hague, 1948), pt. IV, p. 1532.
6. For a detailed treatment, see D.J. Elzinga, *De politieke partijen het constitutionele recht* (Nijmegen; Ars Aegui, 1982).
10. Wet op de inkomstenbelasting, at. 47.1-3; Wet op de Vennootschapsbelasting, at. 16.1
11. See D. J. Elzinga, *De financiële positie van de leden der Staten-Generaal* (Groningen, 1985); also D.J. Elzinga and C. Wisse, *De parlementaire fracties* (Groningen, 1988).
13. In the European elections in 1984, for instance, the Center Party won 2.55 percent of the popular vote.
16. In 1991, a special commission, installed by the Minister of Domestic Affairs, pleaded for the ending of facilities (television time) and subventions given by the state, at the very moment the criminal judge) such as condemned a party because of the violation of anti-racist stipulations in the Penal Law. See: *Waarborg van kwaliteit*, report of the Commission on State-subventions to Political Parties (The Hague, 1991).
18. Parts of the following sections have also been published in the author’s, “Political Parties Going Dutch,” *Acta Politica*, January 1990.
21. In 1983 the Hoge Raad (Supreme Court) concluded that this kind of obligation by the party still is to be considered as a gift, which makes “party tax” tax-deductible as such. Cf., Elzinga (1985), pp. 213-224.

22. Due to the rapid decline of the number of members at the beginning of the 1990s, the reserves of the PvdA shrank at an equal pace.
an election would have, besides his vote for Members of Parliament, a "financial vote," which would designate a certain amount of the public subsidy to the political party of his or her choice. A citizen could vote for party A and designate his or her financial vote to party B. Five out of six experts who were consulted by Parliament to prepare the Law of Financing Political Parties of 1988 were in favor of this bonus, but it was not supported by the majority of MPs. Only the Green Party voted for it.35

Besides these direct and indirect methods of reform aimed at promoting better communication between citizens and the political elite, one also must realize that problems of party financing are not exclusively problems for the experts. Citizens have an interest in these matters and the democratic decision-making process is advanced when citizens are able to make use of this interest in political finance.

Notes

7. Bericht zur Neuordnung der Parteienfinanzierung, Vorschlage der vom Bundespräsidenten berufenen Sachverständigenkommission (Kin: Bundsanzeiger, 1983), p. 188.
8. Landfried, Parteifinanzen, p. 98.
11. INFAS Survey of West Germany, August 1988.
12. The dissent of Justices Bckenfrde and Mahrenholz points to this as a violation of the citizen's right of equal participation in political affairs. BVerfGE, vol. 73, p. 103ff.
15. For data, see Landfried, Parteifinanzen, p. 333.
17. District Court of Bonn, decision of the Flick trial of February 16, 1987, p. 460.
18. For comparison, see table in Landfried, Parteifinanzen, p. 135.
19. District Court of Bonn, Decision of the Flick trial of February 16, 1987. For extensive material, see p. 399.
26. Ibid., p. 257.
27. Ibid., p. 263.
In this way, an "enlightened minority" of taxpayers voluntarily declares support for a program substituting for a system wherein lawmakers legislate for their own benefit and in their own interest. Also, to protect the political preferences of individual citizens, privacy can be maintained. Funds gathered anonymously from taxpayers are distributed according to procedures established by legislated regulation.

The other provisions operate on a principle quite different from that of the tax checkoff. A person may contribute a certain amount of his or her money to an issue, a candidate, or a party of his or her preference. The individual motivation for this act of political participation, with regard to private money, can be increased or improved, but not replaced, by public policy incentives. The incentive provided by public regulation, and funded by the public purse, may aim at the solicitor or the donor. Reimbursements and matching funds are particularly directed toward the solicitor because they are intended to trigger fund-raising efforts of political activists. Tax benefits of any kind (tax deductions or tax credits) primarily aim at the taxpayer in his or her capacity as a potential political donor.

As a collective commodity for public good, modern democracy does not show a price tag; it is available free of charge to all citizens. But because there is no "free lunch," either the voluntary contributor or the taxpayer has to pay for political campaigns. Established Western democracies are relatively affluent societies that often seek to raise funds for "worthy causes." Those affluent members of the democratic mass public, who are not in need economically, can afford to pay for their privileged form of government. Success depends on details of the public-private mix thus implemented. Experience from North America proves that most of the devices discussed in this chapter are useful as elements of training programs, helping to educate parties, candidates and citizens for responsible action in the field of political finance.

Notes


9. Alexander, Goss and Schwartz, Public Financing of State Elections, p. 7; for other details, see Alexander, Reform and Reality: The Financing of State and Local Campaigns, p. 44.


16 Alexander, Reform and Reality, p. 49.


20. Hawaii remains the only exception here. See Alexander, Goss and Schwartz, Public Financing of State Elections, p. 43, and note 11 above.


28. As Heard, in The Costs of Democracy, p. 249, has put it.


36. This fits in with more general considerations on election reform by Alexander, Political Finance, pp. 93-96.

37. As proposed by the California Commission on Campaign Financing, The New Gold Rush, p. 274.
candidates with a criminal history, twelve have been voted to office. The
nation cannot afford to look at these trends with indifference. 26

A recent report prepared by the Home Department has disclosed that
several legislators, representatives of local bodies, and politicians, are in-
volved either in criminal activities or in providing protection to lawbreak-
ers. One leader is reported to have links with several criminals, one of
whom was his main campaigner in the Assembly elections. A history-
sheeter (a repeat offender) is secretary of a district party committee. In
several other states besides Uttar Pradesh, criminals play a major role in
politics and most parties actually seek their support. In Bihar, the coal
mafia has a hold on politicians. In many parts of Andhra Pradesh, crim-
nals dictate to political leaders. 27

The importance of criminals in politics arises mainly because politi-
cians want the easy money and muscle power. When a politician seeks a
criminal’s support at election time, that person is looked upon as a vote
gatherer, not as a criminal. The crime leader, in exchange, receives re-
spectability when he enters politics, and may even be offered a political
post.

It is imperative that electoral reform efforts in India concentrate on
checking the role of money and the influence of “musclemen” or crim-
nals in the election process. Unfortunately, to date, neither the govern-
ment nor the political parties, nor even the Election Commission, have
come out with any package of reforms to this end. With mandatory elec-
tions on village Panchayats and local urban bodies soon to come, Indian
politics is likely to remain a game that parties and party leaders will play
with the money and muscle power at their command. No legislation can
keep criminals away from politics. Only a change in attitude by the politi-
cal parties and candidates who stand for elections can do that. It is high
time that political parties realized that seeking the help of criminal orga-
nizations can only result in their enslavement to them. 28

Notes

1. B. Shiva Rao, The Framing of India’s Constitution: A Study (New Delhi: Indian Institute of
1 and 12.
5. See the Representation of the People (Amendment) Act, 1974, No. 58 of 1974, December 21,
1974, Clause 77, Explanation 1.
7. See Inder Jit, “Poll Expense Ceiling Now a Farce,” Economic Times (New Delhi), July 11,
The Reform Efforts in India

17. As reported in Gangal, The Hindustan Times.
20. The Report of the All India Congress-I Committee (AICC-I) Core Group on Election Reforms, headed by its General Secretary, V. N. Gadgil, was not published as such. But its proposals were reported in "Bills for Election Reform Proposed," The Hindustan Times, December 16, 1988, pp. 1 and 16.
25. For details of the recommendations of the committee, see The Statesman (New Delhi), May 10, 1990, p. 1; and The Hindustan Times (New Delhi), May 8, 1990. Also see S. P. Singh, "Need for Poll Reform," The Hindustan Times, May 9, 1990, p. 11.
26. For a detailed account of the election results, see "Criminals Among UP Corporators," The Hindustan Times, August 4, 1989, pp. 1 and 12.
Notes


3. The party rule concerning membership dues is virtually unenforceable and very few ordinary members are willing to pay even a nominal amount of dues. Party dues largely refers to regular and special contributions made by party leaders, the party’s legislators, and party cadres.


8. See the articles on the KCIA directors, which were published in Dong-A Ilbo, May 10, 1991, and May 17, 1991.


10. Ahn, Han’gukchongburon, pp. 344-346.


13. Ibid.

one political fund-raising organization for each member of the National Diet, which can accept political funds from one business enterprise up to 500,000 yen a year for five years starting from 1994. The upper limit of the total contribution of political funds by business enterprises remains as it was: 10 million yen per annum. Politicians have to disclose the names of individuals and companies giving more than 50,000 yen a year although the amount was 1 million yen in the old system. In the case of political parties, however, the parties have to disclose the names of the individuals and companies who give more than 50,000 yen a year, although the amount was 10,000 yen in the old system.

Concerning public financing toward parties, the upper limit of the amount of public financial help for party activities is fixed at 40 percent of the amount of the expenditure of the respective party in the previous year. The total amount of pubic financing of party activities will be about 30.9 billion yen, which is 250 yen per citizen. Parties are expected to disclose expenditure that are in excess of 50,000 yen to the Election Committees.

Notes

1. This news was first published in the evening newspaper on February 5, 1976, but was published on the second page; apparently it was not considered to be very important. The news was published at the top of the front page in the evening edition on the same day. See Asahi Shimbun, February 5, 1976.


5. See Asahi Shimbun, July 7, 1988, and Mainichi Shimbun, July 6, 1988. A list of the politicians who were involved in Recruit Scandal was published by Asahi Shimbun, July 11, 1988.
6. Answer by Prime Minister Noburo Takeshita to Chairman Takoko Doi of Shakaito (Social Democratic Party) on August 1, 1988, in the House of Representatives.

10. See the author’s “Tanaka Sosenkyo Kara Ran Renritsu He (From Tanaka Election to Confused Coalition),” in Rei Shiratori, ed., Ran Renritsu No Jidai (The Age of Confused Coalition), April 1984, published by Ashi Shobo Publishing Company, pp. 9-34.


12. Ibid.


16. Ibid.

17. Seijo Shikin Kisei Ho (Political Fund Control Law) was first published and enacted on July 29, 1948. It was revised, however, after the Lockheed Scandal. The new Law was enacted January 1, 1976.

18. Ibid, Chapter 5, Article 22.


22. See Seiji Shikin Kisei Ho, Chapter 5, Article 22-2.


25. The contents of the Liberal Democratic Party’s “Political Reform Bills” was published in Yomiuri Shimbun, April 1, 1993. Shakaito (Social Democratic Party), Komeito (Komei Religious Party) and Minshato (Democratic Socialist Party) proposed a proportional representation system with single membered constituencies, which is similar to the German system.


28. Concerning the contents of the Political Reform Bills, see Tokyo Shimbun, October 14, 1993. The Political Reform Bills consist of four bills: (1) Revision of Public Office Election Law; (2) Revision of Political Fund Control Law; (3) New bill of Financial Assistance of Political Parties; and (4) Bill of the Establishment of the Demarcation Committee of the House of Representatives.