

FUNDING POLITICAL PARTIES

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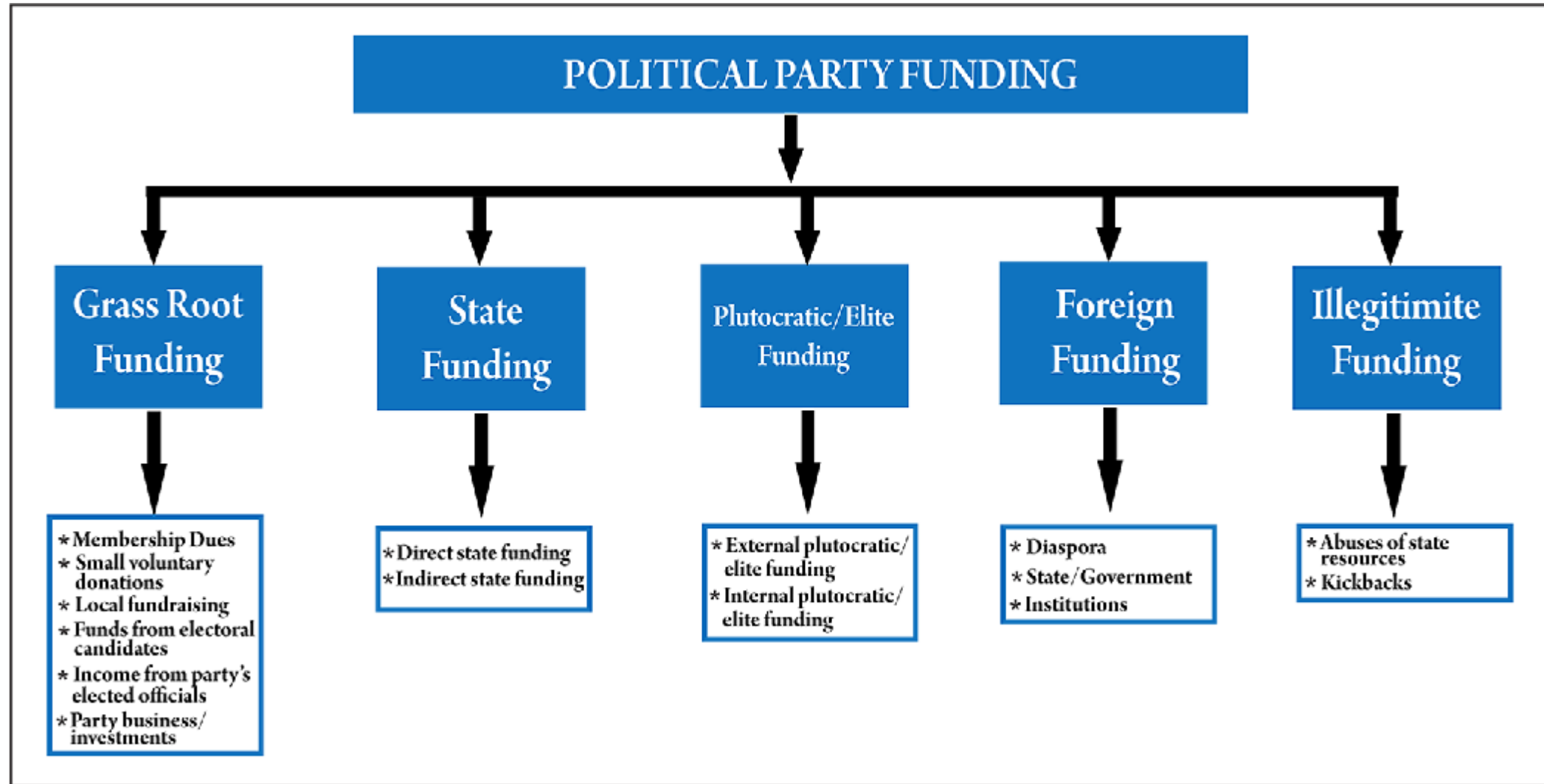


[Idea 2022](#)

WHY IS THE TOPIC IMPORTANT?

- Impact of money on politics – often through political parties (organizations created to compete in the elections, represent citizens)
- Doners can unduly influence political decisions
- Parties can be financed from public budgets (e.g. to enhance their independence, accountability and responsibility)
- Resources increase influence: should we strive for resource equality of parties or “simply” transparency?

KEY FUNDING SOURCES



STATE FUNDING

- Official goal: reduce corruption, increase independency, ensure equality
- Unofficial goal: ?

- Direct and indirect funding

Main principles guiding allocation of direct funding:

Equality: same amount to each party that receives a certain number of votes/seats

Proportionality: parties or candidates receive more funds depending on the amounts of candidates presented, votes received, seats gained or funds raised (so called matching funds).

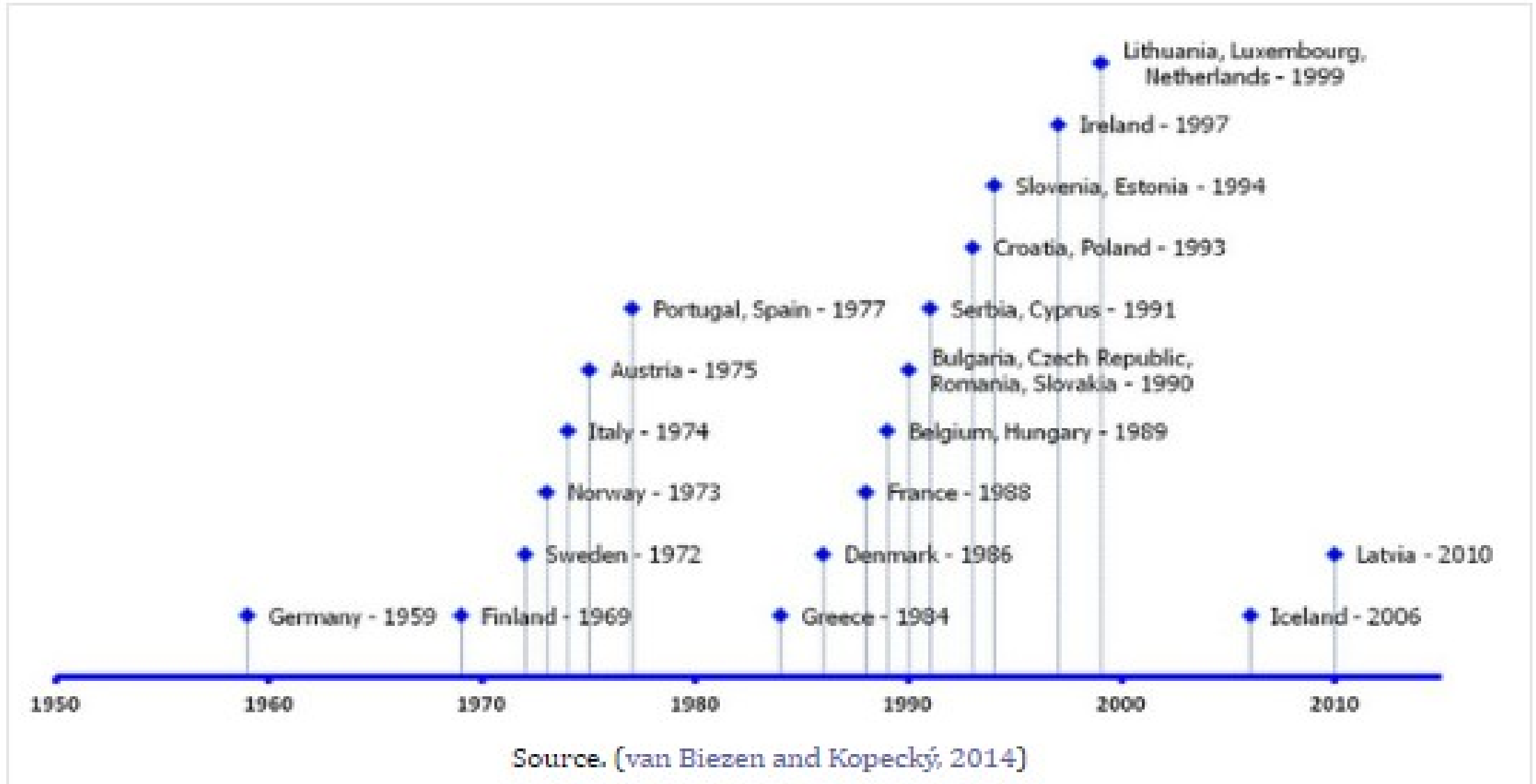
Need: funds to new/small/minority parties

INDIRECT PUBLIC FUNDING

e.g.

- privileged media access
- free or subsidized office space
- subsidized housing (second homes)
- free or subsidized public transportation for candidates or office holders
- special taxation status for political parties
- tax free donations
- parliamentary expenses

DIRECT PUBLIC FUNDING (EUROPE)



STATE FUNDING

- Limits influence of powerful economic interests
 - Curbs corruption
 - Limits inequalities (if the party system is divided along socioeconomic lines or in countries with high levels of poverty)
 - X public funding does not necessarily exclude private donations
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- Makes demands for transparency or other changes (e.g., race or gender equality) more legitimate
 - Helps parties cover growing costs of campaigning
 - Can increase transparency
 - Promotes stability for established parties

STATE FUNDING

- Increases the distance between political elites and voters / citizens
- Typically favors established parties
- Budgetary burden
- **Politicians and political parties make the decisions about public funding**
- Taxpayers involuntarily support parties and candidates they oppose

IF PARTIES DO RECEIVE PUBLIC FUNDING, HOW SHOULD IT BE ALLOCATED?

Who will be eligible?
How much will they get?
When will they get it?

GRASSROOTS FUNDING

- Support by individual citizens or small groups
- Typically small donations, parties not dependent on any one donor
- + reduces influence of the elites and of special interest groups
- + promotes political participation and political efficacy (citizen empowerment)
- + facilitates the connection between citizens and their (party) representatives
- fundraising can be difficult and expensive
- forces parties to focus on “marketing” rather than governance
- promotes demagoguery and populism? Risk of fraudulent fundraising?

ELITE FUNDING

- Larger contributions from wealthy individual, special interest groups, corporations etc.
- Traditional and important (but controversial) source of party funding in most countries
- + efficient fundraising, stability and predictability
- + alignment of interests between groups and parties
- competitive advantage to some parties
- inequality of influence
- potential for political corruption
- lower legitimacy

FOREING FUNDING

- Contributions from foreign entities (states, NGOs, IGOs, corporations...)
 - many ethical, legal and security concerns, often forbidden by the law
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- + foreign interference
 - + economic building, capacity building, new perspectives
 - + alignment facilitate international cooperations
 - foreign interference
 - security risks
 - transparency and legitimacy issues

ILLEGITIMATE FUNDING

- many different forms, e.g., bribes disguised as donations, donations received in violation of the law, misuses of public funds, various other prohibited sources of funding...
- often connected to public procurement (e.g. [Petrobras](#), Gürtel, Elf Aquitaine, CDU donations scandal...)
- black money (OC, tax evasion etc.)
- campaign finance violations



Japan

Anger at party funding scandal in Japan threatens to bring down PM Kishida

Despite talk of a Nobel peace prize, Japan's leader is facing a backlash among voters as key byelection approaches

Justin McCurry in Tokyo

Sun 28 Apr 2024 06:00 CEST

[The Guardian](#)