

Global and Regional Perspectives On Money and Politics In Political Campaigns

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EMERGING DEMOCRACIES FACE DISTINCTIVE CHALLENGES

Factors Different from Western Systems That Can Impact Campaign Finance

- Skewed Economic Development
- Parastatals
- Parties That Own Businesses
- Illegal or Criminal Interests
- Ex-Single Parties
- Extreme Poverty
- Clientelism
- Cultural Traditions
- Post-Conflict Societies & History of Violence
- Expatriates

THEORY OF THE GRAND EXCHANGE

.....the regime of American campaign finance featured a great variety of exchanges spread along an electoral continuum, the poles of which were defined by the presence and the absence of electoral competitiveness. At one pole were the exchanges of the incumbents certain of reelection, exchanges in which the candidates defined the stakes and the costs. At the other were the exchanges in the elections for open seats that most approached full or perfect competition, exchanges in which the contributors enjoyed their greatest leverage, and which offered the richest opportunities for achieving goals in the election itself

(Frank Sorauf, *Campaign Finance*, 1992:97).

BROADER ISSUES

- 1. Differences in Political Development Timelines**
- 2. Defining the Terms of Political Exchange**
- 3. Defining Corruption**
- 4. Role of Media vs. Grassroots Organization**
- 5. Establishment of the Rule of Law**
- 6. How Funds are Raised**
- 7. How Funds are Spent**
- 8. Who is in Charge of the Campaign Funds**

LEGAL FRAMEWORKS

1. Laissez Faire
2. Transparency
3. Tax Treatment
4. Legal Limits and Prohibitions
5. Subsidies and Partial Public Funding
6. Full Public Funding
7. Blind Trusts
8. Ethics and Personal Probity
9. Quotas for Women

ISSUES IN FUNDING

1. Funds to Candidates or Parties?
2. When is a Party a Party?
3. Gifts to Constituents
4. Vote Buying
5. Self-Funding by Candidates
6. Bankrupt Candidates
7. Aisle-Crossing

Prevalence of Public Funding Among 143 “Free” and “Party Free” Countries

Western Europe	87.5 percent
Former Communist Countries	86 percent
Americas	76 percent
Africa	50 percent
Asia	47 percent
Oceania	14 percent
Caribbean	8 percent

Source: Pinto-Duschinsky, 2004:22

UNINTENDED CONSEQUENCES OF PUBLIC FUNDING

- 1. Links Parties to the State**
- 2. May Impact Party Development**
- 3. May Produce Too Many Parties**
- 4. Can Undermine Grassroots Organizing**
- 5. May Reduce Party Membership Dues**
- 6. May Shift Balance of Power Within Parties to the Party Bureaucracy**
- 7. May Centralize the Locus of Power Within the Party**
- 8. May Affect the Number of Effective Parliamentary Parties**

DATA FROM A STUDY

**NATIONAL DEMOCRATIC
INSTITUTE**

**FUNDED BY DFID (British
Government)**

**FIRST MAJOR GLOBAL STUDY OF
CAMPAIGN FINANCE
PRACTICES**

COUNTRIES INCLUDED IN STUDY

CEWA

BENIN
GHANA
KENYA
NIGERIA
SENEGAL
UGANDA

SADC

BOTSWANA
MALAWI
MOZAMBIQUE
SOUTH AFRICA
TANZANIA
ZAMBIA

South America

GUYANA
PERU

Asia

BANGLADESH
CAMBODIA
INDIA
NEPAL

Eurasia

BULGARIA
CROATIA
MACEDONIA
ROMANIA

OVERVIEW OF RESEARCH

What are the Data Components?

- Case Study Narratives
- Key Informant Interviews
 - 2 Phases June-December, 2003
 - 8-21 Interviews per Country
- Summary Profiles on Key Factors
- Laws and Policies
 - ▶ Interview Data from 22 Countries
 - ▶ Profiles from 22 Countries

CONTRIBUTIONS OF STUDY

Distinct Features

1. No Pre-Existing Assumptions
2. Goes Beyond Laws to Include all Aspects of Political Process
3. Goes Beyond Corruption Issues to Include all Aspects of Role of Money in Politics
4. Includes Parties as Key Representational Agencies

QUALITATIVE INTERVIEW DATA

11 Core Topics Covered in Most Countries

1. Informant Background
2. Challenges Facing Political Parties
3. Laws and Regulations Affecting Parties
4. Duration of the Campaign
5. Individual Campaign Expenditures
6. Party Funding Sources
7. Management of Party Funds
8. Individual [Candidate] Campaign Sources
9. Causes of High Campaign Costs
10. Implications of High Campaign Costs
11. Reforming Party Finance Options

ANALYSIS OF DATA

Study Methods Provide Country Context

2 Phases June-December, 2003

8-21 Interviews per Country

431 Informants in 330 Interviews

Qualitative Data is Rich

Like a Conversation – Context Matters

Responses Reflect Depth and Intensity of Concerns

Informants May Choose to Redefine Questions

Informants May Offer New Information

Methods Stress Identifying Themes

Themes Can Then Be Coded and Counted

Full Data Report Will Allow Comparisons

OVERVIEW OF MAJOR THEMES

Findings

1. Emerging democracies face different political development needs
2. Political development linked to economic development
3. Corruption a pervasive problem
4. Vote buying does not always involve corruption
5. Laws alone not answer; may make things worse if rule of law compromised
6. Civil society and political parties critical to developing political will

PARTY and CANDIDATE FINANCING

1. Largest Sources of Party Funds Are Business Interests

In Africa, 55% of Party Funds Come From Leader's Personal Funds
In Other Countries, 70% Come from Business Donations

2. Smallest Sources of Financing for Opposition Parties is Business

3. Parties Appear to Have Little Role in Campaigning

4. Most Candidates Self-Fund

TYPES OF CAMPAIGN SPENDING

1. Few stated largest expense was corruption

In Africa, only 18% cited Gifts and Handouts

In Other Countries, only 22% cited Gifts and Handouts

2. Travel and transport were largest category

In Africa, 75% cited travel and other expenses

In Other Countries, 44% cited Gifts and Handouts

3. Hiring of party agents and canvassers also high

4. Media was not a large cost for a variety of reasons

CORRUPTION MORE COMPLEX

.....As Revealed in the Interviews

BEFORE ELECTION

Deference to Leaders
Gifts and Handouts
Business Donations
Government Use of Resources
Intimidation
Fraud
Violence
Institutionalized Corruption

ELECTION ELECTORAL MANDATE



AFTER ELECTION

1. IGNORE MANDATE
2. ONLY MANDATE IS POWER
3. POLICY FOR SALE
4. WEAK PARTY ALLOWS LEADER DICTATORSHIP

ONLY POLITICAL PARTIES CAN LINK ALL THREE



VOTE BUYING IS MORE COMPLEX

WILLING EXCHANGE



WHERE SHOULD THE LINE BE DRAWN?

CAUTION ON LAWS AS SILVER BULLET

...there's not need for more laws because they're generally too difficult to monitor and enforce...

Civic education on expectations of candidates

And leaders would be more valuable

Elected Official and Party Leader,
Malawi

MIXED VIEWS ON PUBLIC FUNDING

**There is need for a concept of state funding,
but more importantly, parties should belong
to the people**

Political Party Leader, Ghana

**Government should not fund campaigns as
this is utilized by ruling parties to weaken
the opposition**

**Political Party Leader,
Tanzania**

OVERVIEW OF MAJOR THEMES

Findings

1. The Business Role in Economic Development Impacts Political Development
2. Broader Definition of Corruption is Needed
3. Vote Buying is Complex
4. Campaign Finance Laws Alone Are Not the Answer
5. There are Mixed Views on Public Funding
6. Greater Emphasis is Needed on Parties and Informal Processes of Power

BEST PRACTICES

**NEED TO BE BASED ON LEVEL OF POLITICAL
DEVELOPMENT**

**RULE OF LAW IS AND TRANSPARENCY ARE
FUNDAMENTAL**

THERE IS NO PERFECT SYSTEM

**ENCOURAGING A FEW STRONG PARTIES IS
IMPORTANT**

**MUST FIRST CONSIDER WHAT THE NATURE OF THE
GRAND EXCHANGE IS IN ORDER TO DEVELOP A
COMPREHENSIVE SYSTEM**

HANDBOOKS AND TOOLS

- 1. USAID Money in Politics (2003)**
- 2. International IDEA Funding Political Parties and Election Campaigns (2004)**
- 3. NDI Money in Politics (2005)**