

For the Democratization of Party Financing

by François Gérin, MP

Four years ago I submitted a resolution supporting reform of political party financing at the federal level to a Progressive Conservative Party convention in Montreal. It would have made it mandatory for political parties to raise funds solely from individuals.

Since then, a growing number of Canadians have embraced this idea. Numerous very successful experiments in fund-raising, in which donations were limited to individuals, have been carried out. Circumstances have clearly shown that reform of political party financing is urgently needed and Canadians would welcome it.

Less than 20 years ago, a number of Canadian political parties were exclusively financed by a few large corporations. Since then, these large corporations share in electoral contributions has decreased. But when we consider that, even today, the two major federal parties raise 50 percent of their funds from corporate sources, we realize that we are still a long way from true democratization of party financing.

In my view funding political parties exclusively through individuals' contributions remains the key to improving our democratic system. I base this on two fundamental principles which should guide all political activity: Morality and democracy.

- Raising funds exclusively from individual citizens will limit the clout in party circles of the professional fundraisers, these "bagmen" who are real political parasites with a disproportionate influence on parties.
- Raising funds exclusively from individual citizens will reduce the risk of having politics serve personal goals and — most importantly — it will give political parties back to those who are their ultimate source of power, their members and those who vote for them.

Let me outline why this reform is needed, why it can work and some of the pitfalls that will be encountered on the road to citizen-based fund-raising. I will also discuss another reform which complements it and strikes me as equally vital: a softening of the rules governing establishment of associations for political purposes.

Morality

Undoubtedly, being attracted to gain is a very human reaction. But it is incompatible with politics which have

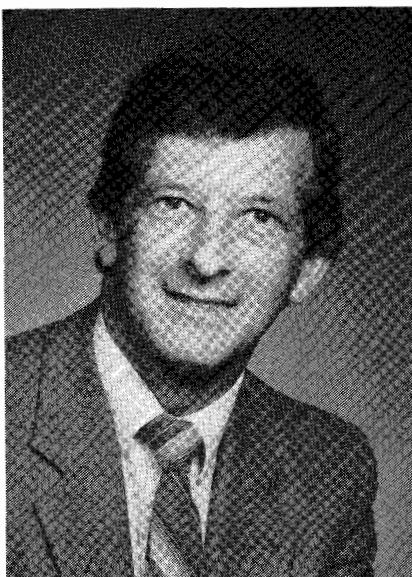
as their ideal the common good. Government's role, under these conditions, is to discourage anything in political practices that makes it possible for a public duty to be bent to personal profit. The same rule must also apply to those who are in close proximity to elected representatives. I am referring to their families, lobbyists and, naturally, to those who hold office in political parties.

The present government has taken some serious initiatives in this regard. It brought in legislation which requires lobbyists to register and tabled a bill on conflicts of interest which contains severe measures. The government has also established a new system to appoint judges and a new system to grant government contracts.

Whether it is lobbying, patronage or conflicts of interest, we are faced with persons who seek to influence those entrusted with managing public monies, so that these persons can get a monetary advantage for themselves or those they serve. The main purpose of all these activities — most of the time — is money.

Now the time has come to put the finishing touches on these government initiatives which will only have real meaning when they are part of a whole. The final touch can be achieved by getting to the root of the evil — our system of party fundraising. As long as a major share of parties' income flows from corporate or trade union sources, citizens are within their rights to ask themselves who we serve.

Does the worker in my riding, who barely makes \$15,000 a year, seriously believe that an engineering firm, a major bank, or an entrepreneur gives \$50,000 to a political party without hoping for a return on his investment? Does this same worker seriously think that



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he counts as much in the political process as this engineer. To ask the question is to answer it.

Corporate entities are set up for specific reasons: Profit making companies with a view to making profits; non-profit organizations for very specific goals, and unions to promote the workplace interests of their members.

Companies' boards of directors have a mandate from their shareholders to make shareholders' capital grow. Logically then, a political donation is an expense incurred in the execution of the board's mandate. Whether it is promotional, or for something else, this expenditure, which reflects the notion of short or long-term profit, is not a disinterested act. Union members, as often as not, pay compulsory dues under the Rand formula. They do not want to be forced, through their dues, to help finance a political party which they do not support. Such a situation is totally anti-democratic. When corporate entities of any kind contribute to a political party, they are distancing themselves from the goals which they set for themselves and the purposes for which they were established, whether by federal or provincial statute. When engineering firms give big sums of money to political parties, when Bell Canada, Canadian chartered banks, pulp and paper companies, lawyers' offices and others do the same, what do they expect in return? If they consider this an efficient way of lobbying, let them lobby according to the laws governing lobbyists. If they seek cooperation, help, or the exercise of a little influence to conclude a government-related matter, first let them read Article 121 of the Criminal Code of Canada. If they want to play a political role, let them officially become a political association.

Is it not a bit curious that when one goes through the list of contributors to political parties, more than half the donations of \$5,000 or more are given in equal amounts to the Liberal Party of Canada, and to the Progressive Conservative Party. Could it be that these organizations have understood that inevitably these political parties will each have their turn in power.

What is equally curious is that the other half of donations of more than \$5,000 are given exclusively to the ruling party, no matter what its stripe.

One really has to bury one's head in the sand not to see the real reason for these purportedly disinterested contributions. And what about the big fundraisers? It is all smoke and mirrors. Good contacts in the business world often provide an entree into top circles which, in turn, increase contacts in the business world which, in turn, provide access to the Holy of Holies in order to be in a position to seek.

The limitation of political party fund-raising to individual citizens, would be a very clear endorsement

of morality by political figures. It would be an unequivocal statement that big companies, big unions and big contributors no longer have disproportionate influence in our political decision-making system.

Democracy

Citizen-based political fund-raising is not just a moral issue. If it were adopted, it would also send a message of democracy. Companies do not vote, associations do not vote and unions do not vote. There are no longer any reasons for these organizations to play a determining role in our electoral and political system by financing half the activities of Canadian political parties. This is an issue of democratic behaviour. It is citizens who must control the electoral system which is the very foundation of our democracy. Control must be exercised at every stage of the democratic process. This requires true citizen participation, but it also requires true decentralization of party organizations and decision-making.

Obviously, it is easier for political party fundraisers to get a \$50,000 contribution than to get 100 contributions of \$50.00 each. But the laziness inherent in this approach leads to very centralized political parties where the ordinary member is frozen out. If the member's \$50.00 are not needed, neither are his views.

In my riding, there is an 82-year-old lady who, from time to time, sends me a dollar with a word of encouragement. Well, I can tell you that on a human and a democratic level, I attach much more importance to that contribution than I would to one from an engineer who might send me \$10,000.

By giving in to lazy habits, political parties allow themselves to serve corporate donors, leaving thousands upon thousands of Canadians on the sidelines. This may be an easier way to do things, but surely it is less democratic.

When a political party must raise funds among voters year after year, it is, at the same time, telling them that it needs them, must get closer to them and regularly seek their views on its main policy directions. Accordingly, this confers greater worth on party members and means their involvement is not just limited to election work every four years. Consequently, democracy becomes a full-time activity. Citizen-based fund-raising gives

contributors an increased sense of belonging to a party and can only increase society's democratic vigour.

The great virtue of citizen-based fund-raising is that it forces parties towards greater structural decentralization, to return to their grass roots and to encourage greater interaction between the leadership and rank and file. At the same time, electoral reform should include public contributions to parties, something that is done in some Canadian provinces. Such financial assistance could be based on the votes received by a party in the previous election.

If we had applied this system to federal political parties from 1973 to 1988, giving a dollar per voter, the Liberal Party and the Progressive Conservative Party would have got about as much as they received from corporations and unions.

Feasibility

Despite claims to the contrary, the regulation of political party financing in Canada is not a matter of breaking new ground. No less than seven provinces — as well as the federal government — are regulated by laws governing party financing.

Quebec, Ontario, New Brunswick and Alberta set an annual limit on contributions. Four others Manitoba, Saskatchewan, Prince Edward Island and the federal government — require only information on the sources and amounts of contributions. Seven of these eight jurisdictions allocate public funds to political parties which meet specific criteria.

Clearly, it is Quebec's legislation — in force since 1977 — which is the most progressive, not only from the standpoint of party financing, but also as regards all aspects of the electoral system.

Quebec modernized its electoral rules from top to bottom by decriminalizing the whole process and giving the Chief Electoral Officer tight control over electoral activities. The Parti Québécois, which introduced this legislation, confined itself to citizen-based fund-raising from its establishment in 1968. It always refused to accept contributions from companies or contributions from individuals of more than \$3,000 per year. This did not prevent it from taking power in 1976.

In this regard, it is especially worth noting that the Liberal Party of Quebec, which up to 1977 mainly financed its activities through corporate contributions, adapted easily and very successfully to the new rules of political party financing. Its annual income is more than \$7 million, proportionally 2.5 times greater than the ruling federal party.

The law's requirements, limiting contributions to individual citizens and requiring disclosure of the amounts contributed, still apply to this day in Quebec and have been totally absorbed into Quebec society's political mores. Quebec's experience has, thus, demonstrated beyond a shadow of a doubt that citizen-based party fund-raising is feasible.

Federally, since 1987, individual experiments in citizen-based fund-raising in certain ridings were quite conclusive. In August, 1987, I carried out a fund-raising campaign confined solely to individuals and with a maximum limit of \$1,000. At that time, \$62,710 was raised from 3,162 individual contributors. Since then, my riding association has continued this type of fund-raising with great success.

The foundation of a political party is its membership. It is from this nucleus that political parties go to victory or defeat. During the first fund-raising campaign organized in the constituency of Megantic-Compton-Stanstead, we were able to count on nearly 2,500 paid-up members who saw in citizen-based fundraising a way for the grass roots to participate, express themselves, be part of a decentralized riding organization and have a real influence on the political process.

In June, 1988, the present Minister of the Environment, became the first candidate in a federal election to run a campaign financed exclusively by individuals. Speaking about reform of fund-raising on that occasion, he stated: "This is basic and should represent for all Canadians — but above all for the country's youth — a vision of the future, a new mentality to develop and a taste for providing disinterested service.

In little less than a month, his Progressive Conservative supporters in the riding of Lac St-Jean raised about \$85,000 from some 1,600 different contributors and the election victory was stunning. Also, during the last general election campaign in the fall of 1988, the Progressive Conservative Party's Quebec candidates voluntarily agreed to a type of individual fund-raising based on checking sources of funds and making the names of contributors public. The outcome was quite positive: \$2.5 million raised in a short time, 85 per cent voter participation and 63 MPs elected in 75 ridings.

The Establishment's Reticence

Despite all its virtues and democratic impact, despite the obvious feasibility of this reform, political parties hesitate to commit themselves. They hesitate not for electoral considerations, nor out of principle, nor concern about feasibility, but really because these political parties usually are generally quite centralized organizations which have little or no contact with their grass roots. Their establishment figures are the "Brahmans" of politics and clearly understand that citizen-based financing, by effecting a deep organizational reform within political parties, would bring their role and influence into question. Going from a highly-centralized organization to one which is totally decentralized demands a real act of political will, something that is never easy.

This reform is, nevertheless, desirable and desired, not only by the average Canadian but also heads of enterprise and small and medium-sized business. A survey, carried out by the Canadian Federation of Independent Business in 1988 among its 80,000 members showed that this reform is wanted and preferred. For the last 13 years, Quebec's experience has provided eloquent proof that it works.

Reticence is felt by those who are well-established in political parties and are close to centres of decision. These persons, who often play a very important role within the political parties and provide valuable service to our country are naturally hesitant about upsetting organizational structures within which they are comfortable, even though they are outmoded. Other insiders are only concerned about their personal interests. Their loud cries of protest, more often than not, are a defensive reflex action.

Freedom of Association

The goal of true electoral reform is to better serve democracy. This is why I have been pleading for citizen-based party financing for so many years. But this facet of democracy must also reflect our Charter of Rights and Freedoms and respect the great Canadian principles which guide and unite us: Freedom of Association and Freedom of Expression.

The last election campaign sparked formation of certain groups which, quite rightly, wanted to make themselves heard and influence voters. Some were for or against abortion, for or against free trade, concerned about such and such an environmental issue. There were no rules governing these groups, even though some

spent astronomical amounts during the campaign, perhaps more money than would have been allowed for a registered political party with candidates in Canada's 295 constituencies. There were no rules requiring disclosure of amounts spent, balance sheets, sources of funds or any other kind of check.

The problem springs from the fact that the rules governing formation of a political party are too rigid, restrictive and severe to be applied in practical fashion or be constitutionally valid. Of course, we have the power to legislate to impose certain measures of control and verification on political associations. But then we should do it in such a way that the rules are the same for all these politically-active organizations — parties, associations, and interest groups which want to take part in the process.

Forming a political association should be made very simple, provided it is subject to the kinds of rules that I just discussed. Under the Canadian Charter of Rights and Freedoms, one should always have the right to associate with like-minded Canadians to promote an idea and try to convince other Canadians to embrace it. In my opinion, any measure which restricts this right or hinders me from exercising it is unconstitutional.

There is no reason to try and limit the number of political associations. Registering them with the Chief Electoral Officer should be sufficient. Once this first step is taken, an association should obey the law by filing an audited annual report, raise its money exclusively from Canadian voters, make the names of contributors and the amounts given public, disclose spending information, appoint an official agent and so on.

Then, these political associations would contribute positively to democracy and our country's political life. Distinctions between activities during an election campaign and between campaigns could be made in law. In any event, the rules should be the same for all politically-active groups, whether they are registered political parties or not.

The Progressive Conservative Party's present constitution encourages independent riding associations. Under what I am proposing, riding associations could become independent political associations, either affiliated to a main political party or clearly linked to its main organization. In the latter case, all means of control should be totally taken over by the political party. It is obvious to me that in this area, there can be no half-measures, as is the case at present. Riding associations, under the present system, are not obligated to make the amounts of money that they hold public, nor to reveal how they spend. Nor are they subject to any of the rules which govern registered political parties.⊗