

It's their party, and we pay for it

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Last Thursday Sir Hayden Phillips published his interim report setting out options for reforms of party funding. His list of choices is neutral in form but tendentious in reality. The public is being softened up to accept extra money for politicians paid out of taxpayers' pockets.

As with Roy Jenkins's so-called "independent" review of the voting system a few years ago, recommendations about basic constitutional issues are too important to be placed in the hands of a single person chosen by Tony Blair.

Phillips is working in a highly political context. Officials seconded from the Department for Constitutional Affairs, which he headed until two years ago, service the review. His specialist advisers are long-standing advocates of the state funding of political parties. This arrangement is hardly in the public interest.

His public consultations have consisted mainly of a blog site. This operated for a few days in the dog days of late July and August with desultory discussions initiated by "opinion leaders" chosen by Phillips and his team. The issue of state funding attracted just 17 contributions.

An interesting method has been used to convince political leaders that they are safe to ignore public hostility to the state funding of parties. Phillips arranged with Sam Younger, chairman of the Electoral Commission, that the commission would sponsor a series of five workshops. At each one, 25 people representing a cross-section of the public would be presented with a set of charts and tables setting out the "facts", and they would be invited to provide their opinions in the light of these "facts".

The private rationale of the workshops (as revealed under the Freedom of Information Act) was that public views about the issue of party funding are “inconsistent and contradictory”.

The formula sounds a bit like a Chinese re-education session: “The possible future options for funding are prone to misunderstanding and misinterpretation. In order for informed debate to occur a strong degree of information provision will need to be built into the process, allowing citizens to fully understand . . . possible future models . . . in order to achieve an in-depth and considered response towards party funding.”

Sessions started with a PowerPoint introduction. This was so one-sided that the opinion research firm that ran the workshops now favours further sessions to remove bias.

Attendees were given a pie chart showing that less than 10% of party funding comes from the state, no more than £5m in the past year for the three main parties combined. Slides gave as established fact the statements that there is “limited public funding” and that “parties need more money than they used to”.

At present there are no reliable data either on the amount of public funding of party political activity or on trends in political spending since the 1980s and 1990s. A so-called “arms race” in political spending by Labour and the Tories is widely assumed but has yet to be proved. The Phillips review has relied largely on the work of the Electoral Commission for its facts. But the commission has done little research.

If and when the research is carried out, the total amount of public funding during the past year is likely to be £50m or more (depending on the valuation of in-kind subsidies) rather than £5m.

On top of the established subsidies, such as free political broadcasts, the party system has been undergoing a quiet revolution because of the rapid growth of new forms of indirect state aid. MPs regularly use parliamentary grants for campaigning and for partisan purposes in their constituencies.

Each MP is entitled to £20,440 in “incidental” expenses and £87,276 for staff. Some of this money filters into party politics. So do payments to MEPs and to members of devolved authorities. Parliamentary money has transformed the financing of local party organisation. There are further payments to the political staffs of ministers, elected mayors and party groups on local authorities (“Widdecombe” money). Quango jobs serve too as another form of state funding.

A member of a party management committee in a northern constituency informed me that 28 out of 31 members had a paid elective or patronage job. The cost of party advisers to Ken Livingstone, the mayor of London, and to elected members of the Greater London Authority is itself greater than the entire £5m in public funding of political parties declared by the Electoral Commission.

The Phillips inquiry has chosen to play down this system of indirect public funding. It does this by classifying the channels of indirect state aid as “incumbency benefits” rather than as forms of public funding of party activity (which is what they are). By defining “public funding” too narrowly, the Phillips report misrepresents its size. This serves the purpose of artificially strengthening the case for yet more public subsidy.

Because parties are important for democracy, argues Phillips, they require heavy funding: “Party politics costs,” he states. Because they require large funding, the case for state aid needs to be carefully considered as the only alternative to “tainted” private sources.

Yet parties have important functions in a democracy only in so far as they represent members of the public. By making them even more dependent upon state funding, they automatically become less democratic.