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**Attitudes towards the
funding of political
parties**

Qualitative research to
explore attitudes among
the public and grassroots
political party activists

REPORT

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1. Introduction

1.1 Background and Objectives

This report presents findings from research into attitudes towards the funding of political parties. The study was conducted by Cragg Ross Dawson on behalf of The Electoral Commission in November 2003.

The Electoral Commission is currently carrying out a review of the two related issues of capping political donations and the state funding of political parties. This review consists of a number of components:

- in May 2003 an Issues Paper was published inviting views from the public and a range of interested parties on the key issues
- in early 2004 a series of public hearings will provide interested parties with the opportunity to discuss the key issues in more detail
- in addition, MORI carried out quantitative research during 2003 (see: <http://www.electoralcommission.org.uk/templates/search/document.cfm/8510>) which indicated that the public hold inconsistent views towards the funding of political parties; confusion around the issue was compounded by a seemingly low level of public awareness about current funding arrangements

1.1.1 *Need for qualitative research among the general public*

It was agreed there was a need for follow-up qualitative research to explore this topic further with the general public. Given the poor levels of understanding in this area, the research process needed to create a forum whereby participants could learn more about the relevant issues. Devoting time to consideration of the context would facilitate an informed discussion and lend robustness to the conclusions and preferences that emerged.

In discussing this topic the research also sought to ensure that general views towards politics and politicians were brought to the surface. The aim was to examine to what extent issues of party funding have a bearing on decreasing levels of public engagement with politics: could

changes to party funding have any effect on public attitudes towards, and participation in, the democratic process?

1.1.2 *Need for research with grassroots political activists*

In addition to researching attitudes and responses among a cross-section of the general public, a further research audience was identified – namely individuals involved in working, or volunteering, for political parties at a grassroots or local level. These individuals were seen as a vital component in this piece of research because it is anticipated that, in the main, it will be the higher echelons of the parties represented at Westminster that come forward to express their views at the public hearings, due to be held by the Commission in Spring 2004. There was a recognition that this runs the risk of excluding the views of two key stakeholder groups:

1. those at the ‘coalface’ of political action and fundraising for the major parties at a local branch level, who might well have a different perspective on the issue of funding compared to their central party organisation
2. those involved in parties that do not have a presence in Westminster and/or that tend to be more focused on local issues and reliant on voluntary organisation

The need here was to see what activists consider to be the major factors shaping consideration of this issue and whether their greater involvement leads to different responses in comparison to the public.

1.2 Method

1.2.1 *General public*

Twelve discussion groups were held with the general public, between 3rd and 10th November 2003. Each group comprised seven or eight people, and lasted around two hours. The groups were devised to ensure that the study as a whole spoke to a cross-section of the electorate across the United Kingdom, although, for ease of discussion and analysis, each group comprised a fairly homogeneous demographic sample, as set out below.

	Location	Age	Socio-Economic Grade
Group 1	Edinburgh, Scotland	18-22	C2DE
Group 2	Edinburgh, Scotland	31-44	BC1
Group 3	Swansea, South Wales	45-55	C2DE
Group 4	Swansea, South Wales	23-30	BC1
Group 5	Belfast, Northern Ireland	56-65	C2DE
Group 6	Belfast, Northern Ireland	45-55	BC1
Group 7	Guildford, Hampshire	45-55	C2DE
Group 8	Guildford, Hampshire	18-22	BC1
Group 9	Wolverhampton, West Midlands	23-30	C2DE
Group 10	Wolverhampton, West Midlands	31-44	BC1
Group 11	Manchester	31-44	C2DE
Group 12	Manchester	56-65	BC1

Recruitment ensured that each group was made up of a cross-section of political allegiances, levels of interest in or awareness of politics, and past participation in voting.

1.2.2 *Grassroots political activists*

Activists were consulted in pairs (both from the same party) via depth interviews lasting between 45 and 90 minutes. The sample ensured that a range of types of party were included, in terms of size, role and policy focus. The interviews took place with activists working at a local/branch level in areas similar to the locations used for the general public groups.

It should be remembered that these activists were not asked to speak on behalf of their party, and that the views they expressed are not necessarily representative of their party's policy on state funding or any

other issue that the discussion touched upon. The activists were speaking purely from a personal perspective. The consultation exercise that The Electoral Commission will run in early 2004 will seek to garner parties' official responses to the matters under review.

Thirteen paired depth interviews were held, between 31st October and 12th November 2003, with activists from the following parties or organisations:

- The Conservative and Unionist Party (Conservatives)
- The Green Party of England and Wales
- Independent Kidderminster Hospital and Health Concern
- The Labour Party
- Liberal Democrats
- Morecambe Bay Independents¹
- Plaid Cymru – The Party of Wales
- Scottish National Party
- Scottish Socialist Party
- Thames Ditton/Weston Green Residents' Association
- United Kingdom Independence Party (UKIP)
- Ulster Unionist Party

A fourteenth interview was scheduled to take place with activists drawn from Sinn Féin. We were, however, unable to secure an interview with them either side of the Assembly election in November 2003.

1.3 Use of stimulus material

1.3.1 *General public*

The research objectives required that, during the course of the discussion groups, information should be presented to the public that

¹ It should be pointed out that the Morecambe Bay Independents do not consider themselves to be a political party, even though, to take part in elections, they must register as such with The Electoral Commission; rather they see themselves as a loose organisation of like-minded individuals. We would like to respect their wishes not to be classed as a political party, although for ease of reference, and to ensure anonymity, throughout this report the views and responses of the activists from the Morecambe Bay Independents have not been separated from others, and therefore will be referred to generally as coming from a political party.

would enhance their understanding of this area and enable a more informed debate. In this context the form of the information was crucial, as it needed to be easily absorbed and considered within the discussion group scenario, while also providing the key facts and necessary points for consideration.

The content of the stimulus material was decided primarily by The Electoral Commission, with Cragg Ross Dawson providing some input into its form and the manner of its presentation within the research sessions. The stimulus covered five areas of information and on the whole comprised short statements, sometimes with supporting facts or examples. The topics covered by the stimulus, together with a brief description of the type of information that was presented, follow here:

- **purpose and role of political parties:** these statements were intended to stimulate discussion, particularly if the public were struggling to identify the functions of political parties in our political system
- **current funding arrangements:** brief explanation of how political parties are currently funded
- **arguments for increased state funding:** some of the potential benefits of a state funding system
- **arguments against increased state funding:** points setting out reasons not to introduce a state funding system
- **examples of how state funding could be implemented:** a range of suggestions for how state funding might be implemented, such as the levels at which it might be set, how it could be apportioned between parties etc.; often including examples taken from systems abroad

Where necessary for understanding, the stimulus has been reproduced verbatim at the appropriate points in this report.

1.3.2 *Activists*

The same stimulus was used as necessary in the activist interviews. Frequently, activists anticipated many of the points raised in the

stimulus, but, as it tended to be the case that activists were often already convinced of one side of the argument, the stimulus was useful in provoking further discussion or consideration of an alternative viewpoint.

1.4 Interpretation of the data

As this is qualitative research, it should be remembered that any mention of weighting, with regards to support or otherwise for any of the issues discussed, is not intended to be statistically representative, and should not be taken as predictive of responses across the population as a whole. However, qualitative research does give a feel for the direction in which people are leaning and for the strength of their views. In this instance, a significant proportion of our sample, once they had considered and debated the issues, were in favour of the main proposal put forward, such to suggest there is a depth of support for this measure.

1.5 Report layout

The report is set out as follows:

- an **Executive summary** giving an overview of the findings and the main themes to emerge from the research
- a **Background** section about the **general public** giving some of the contextual issues that shaped their responses
- a similar **Background** chapter covering the **grassroots political party activists**, explaining a little more about our sample, and laying the basis for the arguments which follow
- an in-depth look at **Attitudes towards increasing state funding for political parties**, including an overview of public and activists' responses and a detailed discussion of the arguments for and against the proposal which emerged from the research

- finally a discussion of **How increased state funding might be implemented**, setting out responses to the suggestions that were put forward for measures such as curtailing donations or deciding how funds should be apportioned between the parties

Acknowledgements

Thanks go to Laura Richards and Ben Marshall at The Electoral Commission for their help with, and interest in, this study. Our appreciation is also extended to all those who attended the discussion groups, and particularly to the activists whom we met who were prepared to give up their valuable time to share their thoughts so honestly with us.

2. Executive Summary

This research suggests that, on consideration of the issues, there is considerable support among the public for increasing state funding to a level where political parties are wholly or mainly funded by the state. There is a perception that politicians are no longer interested in the opinions and priorities of the 'average person'. This is largely believed to be because politicians are more concerned with the needs of the wealthy individuals and businesses who make large donations to their parties. State funding for political parties is seen as a way of eliminating the opportunity for these wealthy donors to influence political decision-making in this country and was thus considered a highly attractive option by the majority of our respondents.

By contrast, activists were more divided in their views. There was widespread concern about current levels of public engagement with politics and while some felt that increased state funding could tackle this problem, a number did not believe that this was the best or the only means to counter public disillusionment. Those who favoured increased state funding believed that an assured income would enhance the effectiveness of their campaign and communication activities. Opposition to increased state funding was voiced by activists who identified no potential benefit for their party, or who objected to state funding as a point of principle.

2.1 This research gave the public an opportunity to learn about and debate the issues around party funding, and out of this emerged a hope that increasing state funding, in combination with restricting the size, and possibly type, of political party donations would create a more transparent, accountable and responsive system. The research indicated that this might have a positive effect on public perceptions of, and willingness to engage with, politics, as long as any new system of party funding is indeed seen to bring about a change in the way politics is conducted.

General public: context for findings

2.2 A number of caveats should, however, be born in mind when considering the level of public support indicated by the research for these changes to the funding system. This was an issue which very

few had ever considered before. While the discussion groups exposed participants to a range of information and a number of different viewpoints, we feel that there were a number of significant gaps in the public's awareness or understanding which might, over time, affect responses to these issues – both positively and negatively. Areas where public understanding was poor included:

- a concrete understanding of what political parties do (beside campaigning), how their money is spent, why this could be said to be important and necessary for our political system
- how many parties there are, and at what levels of government they seek to play a role
- the extent to which 'sleaze' is really a problem in influencing the political agenda, the proportion of 'major' donations vs. membership/'small' donations in parties' incomes
- the existence of The Electoral Commission, public access to registration of donations, the effectiveness of this level of control
- how much increased state funding might cost in total, what this would mean in total per taxpayer, what else could be bought for this money in other areas of public spending

2.3 Moreover we feel it is worth pointing out that the discussion groups required participants to consider the issues in a calm and relatively rational manner, and over a period of a couple of hours. In addition, the background discussion had helped to draw out (albeit, usually spontaneously) some of the perceptions that clearly informed the support for increased state funding. This is, of course, not the context in which the great majority of us encounter potentially contentious or difficult issues.

In a 'real world' context, elements such as the media will play a significant role in how this issue is perceived by the public. We suggest that the tone in which any proposed changes are presented, together with whether corruption is really seen to have been eliminated (or to have the potential to be eliminated) may have a very strong bearing on public responses.

General public: support for increased state funding

- 2.4 A further reason why state funding of parties was attractive to many was because they saw in it the possibility of creating a fairer political system, where smaller parties would have access to resources which would allow them to compete on a more equal basis with the major parties. This appealed not only to those who supported specific smaller parties, but also because the public envisaged that challenging the dominance of the (two) major parties could help to open up political debate. They envisaged that, with a greater number of parties able to get their message across, politicians would be forced to listen and respond to what 'normal' people (i.e. not wealthy donors) are saying, and in return, by increasing the chances of smaller parties, more people might be encouraged to vote.
- 2.5 The way in which the system is organised will be intrinsic to public perceptions of whether or not it is both fair and effective. Indeed, members of the public struggled to discuss state funding as an abstract principle, turning frequently to its practical aspects in order to articulate their feelings.

For example, the public were presented with one idea which estimated that increased state funding would cost each taxpayer an additional £3 a year¹. While many were already inclined towards supporting increased state funding, a prime concern was how the measures would affect them in a tangible way. The £3 figure convinced many of the acceptability of the proposal, on the basis that they would not miss such a small amount, and that it would certainly be worth paying if state funding brings the benefits that many hoped for.

General public: opposition to increased state funding

- 2.6 A small, but vociferous minority were strongly opposed to changing the current system of funding, with some even calling for all state funding to parties to be halted. In our research, a number felt that our current system is as 'clean' as it can be, especially with a system for declaring donations now in place, while others simply refused to accept that

¹ This figure is taken from ippr's *Keeping it clean: the way forward for state funding of political parties*. For more information see the Commission's background paper on the funding of political parties, available at <http://www.electoralcommission.org.uk/templates/search/document.cfm/7955>

political parties are worthy recipients of our tax money. These sorts of objectors seemed sufficiently entrenched in their views that further information or exposure to other arguments would be unlikely to have much of an effect.

Party activists: support for increased state funding

- 2.7 The views of political party activists varied for different parties, but tended to be broadly in line with the views of others from parties in a similar position and of a similar scale vis-à-vis the national political scene.

On the whole, activists from Regional and Minor National parties (for definition of these terms see Section 4.1) supported a proposal of increased state funding, while other activists were against, or at the very least wary of, the idea.

By and large, activists' reasons for supporting the idea were similar to the public's. These activists hoped that increased state funding would clean up the system, thereby restoring public confidence and engagement. They envisaged also that it would divert resources towards the less well-financed parties, directly benefiting their party, but also, they hoped, creating a healthier political climate by increasing activity and communication at a grassroots level.

Party activists: opposition to increased state funding

- 2.8 Activists' reasons for opposing state funding were more diverse across the sample. For some it was a matter of principle that public money should not be diverted towards party politics and that parties should be responsible for raising their own funds; others were wary of the influence over parties and their policies or philosophy that such a system could open up. Concerns were also expressed about the effect that state funding might have on the role and importance of the membership and branch activities within the party structure. Finally some activists simply felt that state funding would bring little benefit to their party and saw no reason to alter the current system.

Almost without exception, activists expected the public to oppose increased state funding because it would mean increased taxation; this could make activists wary of voicing support for the measure. Given

the message from the discussion groups, this seems to amount to a misreading of the public mood over both tax and the problem of 'sleaze'.

Implementation of increased state funding system

- 2.9 A number of options for how state funding could be implemented were also discussed, and here again, activists' views were broadly in line with the public. Restricting the size of donations, and perhaps banning some, were expected as a minimum and capping spending was warmly welcomed, even by those opposed to state funding.

Discussion about how levels of funding for the parties should be decided threw up concerns around what is the 'fairest' system. But in the end the public were unable to decide on a system of apportioning funds that was entirely satisfactory, although the general feeling was that funding should reflect levels of support/popularity, as well as a party's role in governing, while also allowing smaller parties a chance to grow and increase their 'exposure'.

Activists (particularly from the smaller parties) were keen to point out that, in order to avoid reinforcing the status quo in terms of finances, any system must reflect levels of support rather than current levels of income/donations or number of seats in parliament. Indeed, for this reason, matching funding to membership levels could be a popular measure with some. Many activists also highlighted the need to consider their levels of support relative to other parties within the region or devolved nation and not just across the country as a whole. Concurrent with this, they anticipated that at least some portion of state funding would need to be diverted to local or branch level organisations within the parties.

Responses to the research process

- 2.10 Finally we want to comment on activists' and the public's responses to the research process. Among our activists' sample, many explicitly welcomed the fact that The Electoral Commission is carrying out this process of consultation, and they very much appreciated the invitation to participate. In particular, activists from smaller parties – the Local and some of the Regional parties – were grateful for the chance it gave

for their voice to be heard, and pleased that The Electoral Commission has gone to the lengths of ensuring that their opinions are taken into consideration. There was some feeling that this makes a welcome change from past instances where new regulations have been introduced with little consideration of how they might affect smaller parties. Activists from the larger parties too appreciated being given the opportunity to air their views directly.

The public were often impressed that their responses were being solicited, although they were also cynical about whether this will really have any effect on the decisions that are made. Clearly this is indicative of the level of cynicism that we encountered with respect to the political system as a whole. It is worth pointing out though that a good number of the discussions with the general public were livelier, and more animated, than we had anticipated and at times stimulated a level of debate and engagement that surprised even those taking part. Of course this was not the case for all groups, but a portion of the public certainly responded willingly and intelligently to the opportunity to debate issues which, they recognised, shape their lives.

3. **Background: general public**

3.1 Attitudes towards and understanding of the political process

As expected (and as recruited) the discussion groups with the public encountered a cross-section of levels of engagement with political issues. In our sample this range fell out as follows:

- a tiny minority who were highly engaged, considered politics important, tended to know their mind and were confident discussing political issues
- the majority with some level of awareness of political issues, but who often lacked the confidence or willingness to argue their points of view or think through the implications of what they were saying
- a sizeable minority who appeared detached from, and uninterested in, politics and tended to have only the most basic appreciation of the political scene; any interest or awareness they did express was solely around either issues that affected them directly, such as Budget Day decisions, or stories that attracted widespread media attention, such as the Tory leadership change

Across this range, the discussion revealed some deep flaws or gaps in the public's understanding of the political process. The most striking points of misunderstanding, relevant to this debate were:

- confusion between political parties and government and therefore between party spending and public spending

“So when I pay my tax am I paying it to the Labour Party?”²

“You are paying it to the government and our government is Labour so...”

“So it is going to the Labour Party coffers?”

“I would have thought, yes.”

Group 11: 31-44 years, C2DE, Manchester

“What do you think the Labour Party spend their money on?”

“Hospitals and things like that.”

² Throughout the report, quotations appearing in bold indicate when the moderator is speaking.

"Most of the money in any of the parties gets spent on administration."

"And wages of MPs."

"Expenses. Talking to people. Trying to win them over."

Group 10: 31-44 years, BC1, Wolverhampton

- very poor or non-existent awareness of what political parties actually do, besides campaign in elections and promote their candidates; participants in the discussion groups found it very difficult to envisage how parties spend their budget and why adequate funding might be said to be important

"The parties can't actually do anything with money until they are in power."

"If parties aren't in power, do they have any expenses do you think?"

"Wages for starters."

"Campaigns."

Group 8: 18-22 years, BC1, Guildford

"Why don't they give 25 million to the National Health Service or to education, why do they need all that money? Alright they have to promote themselves, but otherwise it's only expenses you're talking about."

Group 3: 45-55, C2DE, Swansea

We draw attention to these points here both to provide a context for some of the research findings which are discussed in the body of the report, and to describe some of the challenges which might be faced if the issue of increased state funding is debated within a general public arena.

Perhaps less surprising was the high level of cynicism about politics that we encountered during the research with the public. From every group there emerged a picture of severe disillusionment with politicians and the political process, stemming from the basic perception that politicians are not interested in listening to 'us' and not concerned about the issues that 'ordinary people' find important. The evidence for this came both from specific events – the war in Iraq was frequently cited – and from general perceptions of politicians' behaviour.

"What do you think the political parties do?"

"They all say what they are going to do for you when it is coming up to an election. They get in and you don't hear anything else."

Group 9: 23-30, C2DE, Wolverhampton

"I have lived in my present house for ten years and I have an X representative lives within half a mile of my house... He

has never been to my front door to ask me to vote for him. Does he feel that my vote's in his pocket? I have never seen anybody, I mean not from any party, nobody has ever arrived at my door and told me what their party's going to do and they would like me to vote for them."

Group 6: 45-55 years, BC1, Belfast

A major frustration that arose repeatedly and that will be discussed in greater detail in Section 5.3.1 below was what the public referred to as 'sleaze', which they saw as the relationship between politicians and wealthy individuals or big businesses whom, it is believed, influence the political agenda through their donations. Many of those participating in the research felt that these donors are politicians' major priority when it comes to decision-making, with the effect that 'normal people' and their concerns are ignored or relegated in the political process.

"I doubt very much if individual MPs really listen. They go with their own beliefs...I'd say they're held accountable by the people but that they don't really represent them."

Group 2: 31-44 years, BC1, Edinburgh

"The Government in power can deny publicly going to war or something major like that, they can deny a public referendum. They are basically saying 'we don't want your opinions on this'. Well who the hell do you trust then? They may knock a few quid off your tax or drop the petrol price a couple of quid so they do do something nice, but the big issues, like the going to war issues, why the hell don't they ask about that."

Group 3: 45-55 years, C2DE, Swansea

"I don't know where they get their wages from - big businesses and bungs from companies."

Group 9: 23-30 years, C2DE, Wolverhampton

3.2 Attitudes towards and understanding of the current system of party funding

It is probably not surprising that the research revealed very poor levels of understanding among the public of how political parties are currently funded. This is a topic which most had rarely, if ever, considered in any detail before, other than in association with media stories of 'sleaze' and 'backhanders'. Despite, as has already been noted, these sorts of stories often causing deep concern and anger, there was very little interest in the wider context of party funding.

3.2.1 *State funding*

There was considerable uncertainty over whether any sort of state funding is currently available to political parties. Some, including many of the least engaged, assumed it is, or at least were unsurprised when told that some public money is available – but their apparent familiarity with this may have been due to the confusion between political parties and government that we have already commented on. Indeed, often the *more* engaged were surprised that political parties receive any public money.

On the whole, the public were accepting of political parties being given money to help cover the costs of playing a role in parliament, although once again the public struggled to imagine what these costs might be, beyond the obvious need to fund campaigns and publicity.

3.2.2 *Donations*

Donations from businesses and individuals were very much expected to form the bulk of party income and the assumption was widespread here that the *only* possible reason these donors could have for making a donation is in order to gain influence. And concurrently the majority of our research participants had no doubt that *of course* parties do what their donors ask for. This indicates the extent to which politics is perceived by the public to be riddled with ‘sleaze’, leading, in their eyes, to its distance from the ordinary concerns of the man on the street.

“If someone gives money to a party they are looking for a return and something is obviously going to get paid back.”

Group 9: 23-30 years, C2DE, Wolverhampton

“You can’t tell me that Bernie Ecclestone put money into it and didn’t derive any benefit from it. You do not give a million pounds to a political party and not derive some benefit.”

Group 6: 45-55 years, BC1, Belfast

It was interesting to note that trades unions’ donations were rarely, if ever, regarded as problematic. It was clear that a good proportion of the public had barely even registered the relationship of the trades unions with political parties, and even when brought up for discussion, participants seldom thought that trades unions might be buying

influence through donations, in the way they assumed individuals and businesses to be.

3.2.3 *Membership*

Membership was also seldom brought up spontaneously as a source of income. Once raised, membership dues were expected to be only a very small proportion of parties' total income. Small donations, i.e. those that 'an average person could afford' were certainly not seen to pose a problem, in the manner of donations from businesses or wealthy individuals.

3.2.4 *Registration*

Finally there was some very low-level awareness that donations have to be registered. While some thought that this must make a difference, others were highly sceptical about how effective this can be in preventing big donors or politicians from engaging in 'sleaze'.

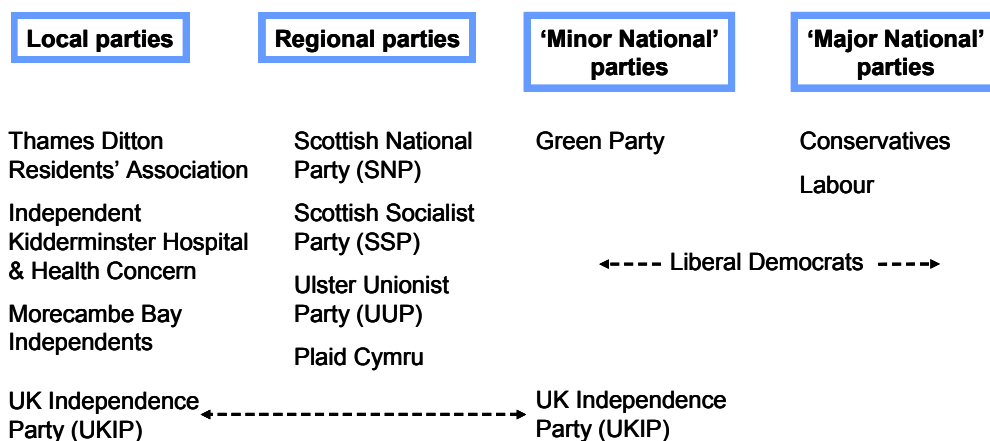
4. **Background: grassroots political party activists**

4.1 Nature of our sample

Activists' responses to the proposal of increased state funding tended to be broadly in line with others from parties of a similar size and role. The reasons for this were two-fold:

- the factors which shaped activists' responses to the proposal were often connected with their party's access to resources and place in the political scene
- across our sample the position of activists in relation to their party's central organisation differed, with some active at the heart of their party while others were involved at a branch level only and felt quite distant from their party's headquarters. Activists' positions tended to affect their understanding of the matters under discussion and awareness of their party's stance on this issue. The nature of our sample was such that those from similar sorts of party tended to occupy similar positions in their party structure

From this point of view, and for ease of discussion within this report, we have divided the activists' sample into four categories, according to the type of party they were involved with. This categorisation works as follows, and will be used to attribute quotations throughout the report:



Please note that this categorisation is not intended as an objective description of the parties' size, status or political reach. Rather it reflects activists' self-perceptions of the role and scope of their party. It is used in this report to demonstrate the common threads running through activists' responses and because activists themselves largely related the nature of the problems faced by their party to its current position in the national political scene.

Both the Liberal Democrats and the UKIP have been shown as being within two categories because at times their activists' responses and the issues they cited meant that they had points in common with different types of party.

4.2 Awareness of public attitudes

Most activists had a good sense of the current state of current public disillusionment with politics and, to a certain extent, this mirrored their own attitudes. All activists reported increasing political 'apathy' among their local communities, but perceptions differed as to the cause of this.

- a number of activists, especially those from Major National parties, tended to blame the public themselves for losing interest in politics and being more interested in peripheral or trivial issues

"Apathy, over the years people have got tired of politics...some don't seem to care. I think that is frightening."

Activist, Major National party

- the majority of activists, excluding those from the Major National parties, attributed much of the reason for this apathy to corrupt behaviour and 'sleaze', particularly on the part of the two major parties, and the impression that 'ordinary' people are not valued or listened to (some acknowledged that the problem may be exaggerated in public perceptions but that nevertheless there is a need to tackle the behaviour that gives rise to these perceptions)

- some, particularly from Local and Minor National parties, also laid the blame at the door of the political system as a whole – criticising its centralising tendencies, elitism and lack of proportional representation for serving to distance people from any feeling of personal political involvement or effectiveness

“I think that’s the greatest problem in this country, that people at the local level can’t do things they want to do, because the money isn’t there. You can reform the whole system into a federal structure but if you still have the centre dictating how that is done it doesn’t work.”

Activist, Minor National party

In the main, activists identified a pressing need to address the party funding system, both to re-engage the public and to bring greater honesty to how politics is conducted. For many, as we shall come on to see, increased state funding suggested itself as one means to achieve these ends.

4.3 Attitudes towards and understanding of the current system of party funding

Across the activists’ sample, a range of levels of understanding of, and attitudes towards, current funding arrangements emerged. For example, Major National party activists were largely unaware that state funding is available – perhaps because in our sample they tended to be the most distant from their party’s central organisation.

On the other hand, Local and Regional party activists, who were likely to be in closer contact with their parties’ headquarters, were frequently better acquainted with the funding options, and with the state of their own parties’ finances. Often they were irked that their party does not receive state funds, or receives only minimal amounts, while at the same time acknowledging that their party does not bear the same financial burden as the major parties in needing to fulfil parliamentary and governing duties.

Awareness of the legislation brought in under the Political Parties, Elections and Referendums Act 2000 (PPERA) also differed according to the type of party represented. While Major National party activists showed very low awareness, Local and Regional party activists had

often personally dealt with its effects and with ensuring that their party met its requirements. Responses to the legislation varied:

- smaller parties complained that the impact on them was unfair, particularly the accounting and administrative requirements which, in their case, had to be met by volunteers, while major parties could afford to employ professional accountants etc.
- overall, most welcomed the move towards greater openness
- a few suggested that registration of donations might actually fuel scepticism by making public the level of donating that does take place

4.4 Prior consideration of the issue of increased state funding

A good proportion of the activists had previously been exposed to the debate around the issue of state funding before participating in the research. This tended to be in line with their role in their party structure, and the extent to which they were aware of funding as an issue for their party.

Thus Regional and Minor National party activists, who were evidently having to work very hard to raise the money they needed locally, and were aware of the challenges faced by their party at a central level, had in the main, already encountered the debate around state funding. As a result a good many of these activists were able to articulate a number of pros and cons for the proposal without any prompting. Local party activists were also aware of the issue of state funding, but to a lesser degree, while Major National party activists were unlikely to have considered the issue before, and were perhaps closest to the public in the way they thought the issue through.

5. **Attitudes towards increasing state funding for political parties**

Following an overview of general public and activists' responses to the suggestion of increased state funding, we go on to discuss the arguments for and against the idea.

Often, in the sessions with the general public, some of the most pressing issues arose spontaneously although the stimulus was used widely to prompt further, detailed discussion. This stimulus has not been reproduced verbatim, but is represented by a statement summing up the aspect of the argument that was most meaningful to the public.

On the whole, activists articulated their points of view spontaneously, but, perhaps not surprisingly, their arguments tended to mirror those that were presented to the public, and therefore both public and activists' responses are discussed together. On occasion though the focus of the activists' views was articulated along slightly different lines, and, where important, this is drawn out in the latter half of the headings to each section.

Although, for ease of presentation, the arguments have been divided into those for and against, the discussion that follows each point does not always adhere to this division neatly, particularly in the case of the activists. Arguments by some for the proposal constitute the reason why others argued against; in these instances it makes sense that they are discussed together.

5.1 Overview of general public responses

After consideration of the issue within the discussion groups, the majority of our sample was broadly in favour of increased or total state funding for political parties. While this degree of support may seem surprising for what would, in effect, be an increase in taxation, clear and solid reasons lie behind it:

- **less 'sleaze'**: primarily the public anticipated and hoped that increased state funding would create a cleaner, more transparent and more responsive system. (Examined further in Section 5.3.1 below)

- **low cost for taxpayers:** a further element in convincing many in the discussion groups that such a system would be worth supporting was one estimation of how much it might cost taxpayers. (See Section 5.3.4 below)
- **a fairer system:** for a good number, the desire to give parties an equal chance and to ensure that none are disadvantaged by having fewer resources was a convincing argument in favour of increased state funding. (See Section 5.3.2 below)

Although support for state funding, informed on the whole by these arguments, was robust, it would be wrong to suggest that support was unconditional. In particular, participants wanted to learn how such a system might be implemented, and were keen to articulate their expectations for the practicalities of funding arrangements. We feel that this point is worth stressing; that is, that the public in particular (although it was also the case with some activists) struggled to discuss state funding in the abstract. Their understanding of, and support for, the idea were often entirely dependent on how it might be put into practice, as this provided the assurance that state funding would address the problems they identified with the current system. Expectations for, and views on, the practical implementation of the system are examined further in Section 6.

Indeed, those who did not want to see the current system changed tended to cite problems with implementation as a major reason for their opposition. They expressed the view that corruption would always be present, and that no funding arrangements could create a clean system as there would always be loopholes, so the system might as well be left as it is. They also felt that other problems with implementation – for example, deciding how levels of funding for each of the parties could be fairly arrived at – were too complex and that it was therefore best to leave the system as it is, as this probably reflects the fairest approach possible.

Those against changes were in the minority, while an even smaller minority wanted to see a halt to state funding of any sort. These were the people in our sample for whom politics held the least interest and who wanted to see their taxes spent on areas that held greater priority

and relevance for them; the 'NHS' and 'education' were most frequently cited in this context.

5.2 Overview of activists' responses

As discussed above, activists' views were broadly in line with those of activists from parties of a similar size and nature. In essence, their arguments for or against state funding could be characterised in one of two ways:

- **theoretical approach:** activists were generally more able than the public to discuss state funding in principle and voiced support/antipathy according to party ideology and/or personal philosophy
- **pragmatic approach:** activists clearly considered whether state funding would help or hinder their particular party; in the end this tended to be the more influential factor in determining activists' final positions on the issue

Activists' arguments can be broadly divided according to this table³:

	Theoretical			Pragmatic	
For	'Would create a fairer system'	'Would restore public confidence'		'More money would help us'	
	(Major National) Minor National Regional	Minor National Regional		Minor National Regional	
Against	'Parties should raise their own funds'	'Don't want HQ to lose touch with grassroots'	'Wary of control of party/ individual'	'Taxpayers would be against it'	'Our finances are fine'
	Regional Local	Major National	Minor National Regional Local	Major National Minor National Regional Local	Major National Local

³ These are a summary of the main lines of argument put forward by the activists. They are discussed in further detail in the sections that follow.

5.3 Arguments in favour

5.3.1 ***Would create a cleaner system and would restore public confidence***

'Sleaze' was named by the **public** as a major problem with politics today and was brought up spontaneously in a number of groups prior to the discussion of funding. A number of media stories and incidents have clearly made an impression on the public and were regarded by them as examples of 'sleaze': Bernie Ecclestone and Stuart Wheeler were consistently brought up (n.b. the groups took place very shortly after Iain Duncan-Smith's resignation), and other stories mentioned in this context included the Blairs' Bristol flat, Geoffrey Robinson, El-Fayed and the Hinduja brothers.

"They shouldn't have any influence on the policies of a government."

"It's backhanders isn't it?"

"You hear even more of it nowadays."

"It's the invisible strings."

Group 6: 45-55 years, BC1, Belfast

"Giving lots of money to a party, people can influence what goes on and what the policies are."

"I think some people are so rich and so into their politics and at the end of the day if they don't agree with what is going on then they want to pay to change it."

Group 8: 18-22 years, BC1, Guildford

These incidents appear to have created the impression that those with money exert more influence over politicians and the political process than 'normal' people, leading to a general feeling that 'we are not listened to'. The research suggests that this set of perceptions is, at least in part, responsible for the high levels of cynicism towards, and lack of willingness to engage with, our political system.

The discussion in the groups revealed the hope that state funding would create a cleaner and more accountable system by reducing reliance on large donations, thereby eliminating the opportunity for wealthy donors or businesses to influence political decision-making. This was seen, by those in favour of increased state funding, to be the major benefit of such a system.

This point of view was supported by the majority of **activists** in our sample. They felt that the current system of funding, at the very least,

creates the *possibility* for wealthy donors to influence the political process, and believed this to be contributing, to a greater or lesser extent, to the current lack of public engagement with politics. It was also clear that many activists were (almost) as disillusioned as the public with the way they see politics working.

"It seems quite clear that the party policies have been corrupted by what's been happening."

Activist, Regional party

"If this is a democracy then voters should be treated on an equitable basis. You can't be treated on an equitable basis if one person with a big bank balance can come along and hand over money and buy influence."

Activist, Regional party

These activists supported increased state funding, believing it would lead either to a cleaner system, or would at least *be seen* by the public to clean up the system, thus encouraging public re-engagement with politics.

"I think political parties will become more in tune with the public because they won't have to be looking out over their shoulders at what the sponsors or the benefactors wanted."

Activist, Regional party

However a number of factors qualify activists' support for state funding. Activists from Regional and Minor National parties were keen to point out that they do not see state funding alone as sufficient to create a cleaner, more accountable political system. They called, for example, for electoral reform as a further means to make politics directly relevant and engaging to the electorate.

Local party activists, while acknowledging the problem of 'sleaze', were largely opposed to state funding and felt that cleaning up the system was better achieved via other means such as a cap on spending. They also expressed the belief that public disillusionment with politics is due largely to a lack of focus on issues of direct concern and relevance to the electorate, and they called for a re-orientation of politics towards more local and 'real' issues.

"The crucial point is that successive governments have brought this question of corruption or sleaze or spin. Deception is a word for it."

"Cynicism is another one."

"Having brought that upon themselves, they can't buy their way out of it using public funds, they have to correct that"

situation that they have created themselves, they have to prove that they're being open and honest and forthright. Not ask us to bail them out of a situation that they're in, to try to correct their indiscretions."

Activists, Local party

It was interesting to note that across the activists' sample there was an awareness, articulated to varying degrees, that increased state funding might raise public engagement, not just by creating perceptions of a more trustworthy system, but also by enabling greater activity at a grassroots level. The hope was that the stable income assured by state funding would:

- enable positions to be permanently filled at a local/branch level bringing a greater level of professionalisation to this aspect of the party

"In the run up to an election we would increase our staffing but because of the funding position after any campaign we would then sack 50% of the staff and then we would be in a position where we had a skeleton staff and then a year before the next election we'll be recruiting and reinventing the wheel every time. So, yeah, it would stabilise party structures in terms of staffing levels."

Activist, Regional party

- allow more time and resources to be invested in local educational activities and communication materials with the effect of enhancing understanding not just of that particular party's policies but of the political process in general

The knock-on effect of these measures was identified as being increased familiarity among the local media and the electorate with political issues. It was clear that it was not simply *greater* resources but the assurance of a *stable* income that was expected to enable this resurgence in interest from the local level upwards.

Despite the strong support for increased state funding along the lines discussed above, it is worth noting that there were some among both public and activists who were less convinced. A few among the **public**, while troubled by 'sleaze' and by the influence of wealthy donors, were sceptical about its prevention. They believed that if donors want to influence politics then they will always find a way of doing so and that eliminating party reliance on large donations will not change levels of corruption in the political system.

A small minority of the public questioned whether the attention given to incidents of 'sleaze' exaggerates their actual significance in political life and whether it is more a case of 'media hype' or party bickering. For some of these people the current need to register donations provided sufficient reassurance of a clean system. While they were unable to draw on any facts or figures, they anticipated that the proportion of party funds derived from large donations is relatively insignificant and does not warrant the introduction of an extensive system of state funding.

Indeed, a similar note of caution was struck by some **activists** from across the party spectrum who suggested that putting the amount derived from large donations into perspective might cause public support for state funding to wane by showing that 'sleaze' is not the major problem it is currently perceived to be. In particular, activists from the Major National parties questioned the reality of 'sleaze' (and were the most likely of the activists to claim that the media exaggerate such stories), but activists from other parties too were keen for figures that would give a tangibility to the discussion.

"I don't think they're getting any influence to be honest. They're there to donate the money, they're not there to make policies."

Activist, Major National party

5.3.2 ***Would create a fairer system***

As noted in the overview above, this was considered a strong argument by many of the public, although it appeared to hold less intuitive appeal than the possibility of creating a cleaner system. This was perhaps because it required a (slightly) more in-depth understanding of our political system to appreciate its implications. Nevertheless many were drawn to the idea that state funding would ensure that each party received a sufficient amount of money that would mean they could compete on an equal basis.

Those among the **public** who found this argument appealing held a number of points of view:

- they were ‘fed up’ in a general sense with the dominance of the main parties – particularly the government and the opposition. These parties were felt to be preoccupied simply with undermining each other, with the effect that the issues that people consider important are ignored. This was cited as another reason for the distance between politicians and the public; some of the public believed that diversifying the political spectrum would encourage more relevant debate
- there was also a suggestion that increasing the opportunities of smaller parties would encourage people to vote as they would no longer feel that a vote for a party outside of the major two is ‘wasted’
- they supported or sympathised with a particular smaller party and wanted to see it given a chance; the Green Party and the Liberal Democrats in particular were cited a number of times in this context

“If you think of the small ones, like the Green Party and things, they can’t get that sort of money, so they’re ruled out automatically. If you have even-stevens, everyone gets a bit.”

Group 6: 45-55 years, BC1, Belfast

A minority among the public felt that ‘fairness’ was not a valid argument. Some countered it with the claim that electability depends simply on developing policies that appeal to the electorate and that level of funding plays no part in attracting votes. They resisted the suggestion that resources might affect a party’s ability to develop policy or campaign effectively. Others felt that the current system is actually as fair as it can be, with funding reflecting the level of support that parties are able to attract and their role in the political system; they questioned whether diverting money towards smaller parties would really benefit the political process.

“At the moment, the way it is funded, you wouldn’t particularly expect a government to be made up of the Green Party or the BNP. You have three major parties and you would expect any government to be made up of those three. If any public money is put towards the funding of other parties you would think it would be wasted money.”

Group 10: 31-44 years, BC1, Wolverhampton

These tended to be expressed as counter-arguments to the suggestion that state funding would create a fairer system, rather than being put forward as stand-alone reasons for opposing state funding.

The exception to this was in Northern Ireland where frustration was expressed over the fragmented political scene and the seemingly petty or personal disagreements often felt to lie behind it. There were concerns that state funding would encourage the splintering of political movements by allowing small factions to be financially self-sufficient. There was also some feeling that parties formed along these lines do not 'deserve' funding.

Activists often approached the argument (that state funding would create a fairer system) initially as a point of principle: they recognised that parties with access to fewer resources are probably hindered in their effectiveness and ability to campaign, and that this obviously has implications for our democratic system. However, whether or not activists saw this as a convincing argument for increasing state funding varied widely for the different types of party. In the end, it came down, in large part, to the issue of whether it would benefit them and their party or not:

- Regional and Minor National party activists felt very keenly that lack of funds holds them back from organising and campaigning as effectively as they would like, for example affecting their ability to:
 - build proper databases
 - produce 'professional' leaflets to compare with the major parties

"We'd be able to produce better material and more material."

Activist, Regional party

- put up candidates in every area

"We'd be able to do more – stand in elections without getting in debt."

Activist, Regional party

"In the local elections we didn't put up a candidate in every seat by far. It was just a minority of seats where we put

people up and we didn't really carry out a campaign, but if we had some funding it would really help us at a local level."

Activist, Minor National party

- Local party activists tended to feel that additional funds would offer little benefit, as their current sources of income sufficiently cover their promotional and organisational needs and they have little, if any, cause to spend more:
 - their causes are locally based and therefore competing in a wider arena holds no relevance or interest for them
 - moreover on the whole they are already spending up to the limit per candidate in an election and are able to achieve success on the budgets they have available

"We all have this limit on how much each candidate can spend and it is something like £340. In X Ward we have got 4,000 electors and we put out about 2,000 leaflets and then we have our posters and then we have hiring the hall and a van with a loudspeaker on and we just get within our budget. Then you have to put in telephone calls and stamps and petrol and we just squeeze in under the limit."

Activist, Local party

- although Major party activists accepted that the discrepancy between party funding levels is problematic, and could even have an adverse affect on their party by allowing them to grow complacent, their preference was for measures which restricted spend rather than 'gave' money to other parties. Indeed, these activists, in particular, reacted quite negatively to the idea of funding other parties:
 - they seemed caught up with the rivalry between opposing parties

"I don't want to support the [opposition] party...I would be quite happy for the member of the constituency to be paid. She has a job as an MP for the whole area. But we don't want to be funding her organisation."

Activist, Major National party

- they also questioned why, when they and their party work hard to raise funds and appeal to donors, other parties should be handed money 'on a plate'

While a 'fair system' was attractive in principle, agreement on what this might mean in practice was considerably more difficult to achieve.

Both **public** and **activists** foresaw a raft of difficulties with implementing funding in such a way that all parties would be treated fairly.

This is discussed in greater detail in Section 6.3 below. But it is once again worth flagging up the fact that public acceptance of state funding would depend on a satisfactory explanation of how the system will deliver its promise of fairness in practice.

In addition, an issue which repeatedly posed problems and which might well undermine the fairness argument emerged when both public and activists realised that 'creating a level playing field' would mean funding parties that they considered unacceptable; the British National Party (BNP) and 'non-serious' parties such as the Monster Raving Loony Party were commonly cited examples.

"You are not going to give 12 million to the Raving Monster Loony Party and 12 million to Labour for an election."

Group 12: 56-65 years, BC1, Manchester

This issue is examined further in Section 5.4.2.

5.3.3 ***Would ensure that party finances are more secure because parties would not be dependent on money from members and donors. The money would help our party vs. our party doesn't need additional funding***

The proposal that state funding would provide parties with long-term reassurance of income, meaning less reliance on donations, was not mentioned spontaneously by anyone amongst the general **public** sample, and by and large, was not seen as a persuasive line of argument. The public were largely unaware of whether financial stability is currently an issue for political parties and questioned why reliance on donations should be a problem for them in this respect. Putting forward this argument could lead some amongst the public to question whether parties in general, or the governing party in particular, are suggesting state funding as an answer to financial problems they are facing.

This reaction may seem somewhat inconsistent with the public's interest in seeing a fairer system and their concern about the resources of smaller parties, but it should be remembered that, as previously discussed, the public were often unable or unwilling to think through the implications of what they were saying.

Helping *smaller* parties, especially with their campaigning (the activity that the public believe forms the bulk of party expenditure), was a tangible benefit of state funding that the public could both envisage and, for the most part, accept. On the other hand, suggesting, as a result, that the system *in general* would benefit was a more abstract principle that the public struggled to endorse. This was especially as they understood this argument to be suggesting that the larger, as well as the smaller, parties are in need of state funded support; the public found it difficult to reconcile this with their perception that the (two) major parties are not short of resources, given their ability to mount extremely well-financed campaigns.

For a number of **activists** the guaranteed income promised by state funding was highly attractive. This was particularly true for activists from Regional and Minor National parties who reported facing mounting financial pressures. Across the board, activists from these parties spoke of the increasing 'professionalisation' of elections; the resources available to the major parties require competing campaigns that are just as glossy, high-profile and slick, yet activists report that their organisations (certainly at branch, and sometimes even at central level) are still characterised by the 'volunteer' or 'amateur' culture on which they have built their strength in the past.

"At the moment we have the worst of both worlds. We gather our money from within X region but we have to compete with the London-based parties."

Activist, Regional party

"Years ago it was very much a voluntary thing....and now your literature has to be of the highest quality."

Activist, Regional party

Moreover, some of these parties cited a number of factors, particular to their party, region or locality, that have recently had the effect of reducing their income. These included:

- Regional Assemblies creating yet another round of elections that need to be funded
- reports from activists in Northern Ireland and Wales that the need to declare donations of more than £1,000 has affected willingness to give as there is some reluctance to make one's political allegiance known
- a support base that tends to be less affluent (than other parties) – perhaps because largely ageing, or more rurally based (and often both) – meaning lower donations

"We're starting now to have difficulty because a lot of our members are growing older and younger people don't want, it's the same in every kind of, churches and everything else, younger people don't want to be involved too much. And you find that you just are not getting people there to raise the money for you."

Activist, Regional party

- all facing increasing voter apathy, but in Northern Ireland the perceived 'failures' of the political process were reported to have turned even more away from politics
- the 'large' proportion of income required by the central party organisation was often claimed to place a considerable burden on local branches

Certainly these activists felt that a guaranteed income would make a considerable difference to their party's ability to campaign, to compete with the major parties and to make a meaningful contribution to political life in the UK.

Major National party activists, like the public, were largely unaware of whether finances are an issue for their party. They tended to assume that their party enjoys established sources of support which provide both adequate and stable resources and they would therefore be happy to maintain the status quo which currently works in their favour.

"Why try to fix something that is not broken?"

Activist, Major National party

Finally, activists from Local parties clearly took considerable pride in the fact that their parties are able to raise as much money as they

need. They claimed that it is their focus on local and relevant issues that means that people want to support them and that translates into successful fund-raising drives. They often compared themselves to their competitors – generally major party candidates – who, despite the support of their national party and access to far greater resources, mount less successful election campaigns, which, according to Local party activists, is due to them being out of touch with their electorate.

5.3.4 ***It has been estimated that extending public funding would cost an additional £3 per taxpayer per year⁴***

Providing an estimate of how much a system of state funding for political parties might cost the taxpayer was warmly welcomed in the general **public** groups and helped to answer their call for information about the practical implementation of state funding.

The suggested cost of £3 was a key element in convincing many that state funding is an attractive proposition. Not only was £3 considered a very small amount per se but it was also considerably lower than the majority had anticipated. This low figure tended to provoke responses either along the lines of ‘it’s such a small amount that no one’s going to miss it’, or at the very least ‘if it’s only £3 then we’ve got nothing to lose’.

“I think £3 is worth it.”

“£3 is nothing. You wouldn’t notice it.”

“Would it bother you?”

“£3, no.”

“What would you think you were getting for your £3?”

“Cleaner Government.”

Group 8: 18-22 years, BC1, Guildford

However, some words of caution should be spelt out here. Firstly, surprise at the low amount was, on some occasions, replaced by suspicion that a low initial figure might encourage acceptance of the scheme only to be followed by a hefty increase in cost to the taxpayer; the public therefore looked for reassurance that state funding would stay within reasonable limits and that they would not be funding a ‘bottomless pit’.

⁴ This figure is taken from ippr’s *Keeping it clean: the way forward for state funding of political parties*. For more information see the Commission’s background paper on the funding of political parties, available at <http://www.electoralcommission.org.uk/templates/search/document.cfm/7955>

Secondly it should be noted that, when asked, prior to seeing this figure, how much they thought it might cost, the public's estimates were often wildly inaccurate.

“How much do you think it [state funding] would cost per taxpayer per year?”

“A thousand pounds.”

“A couple of hundred.”

Group 11: 31-44 years, C2DE, Manchester

As a result the £3 figure perhaps benefited from a kind of ‘halo effect’ where, because it was so much lower than expectations it may have come across as a more reasonable and acceptable figure than would be the case in another context. The research revealed a generally poor level of understanding of our tax system, and as discussed before, an inability or unwillingness among participants to think through the implications of what they were saying. For example, it was clear across the groups that most in our sample:

- had no awareness of how taxes are currently apportioned across the different areas of government expenditure
- had very poor understanding of what taxes can buy or how much items of government expenditure cost
- did not consider the number of taxpayers (i.e. what total amount £3 per taxpayer might actually yield)
- lacked the context for considering party spending, including how much they need and what it is used for

“How much money goes from our taxes into political parties per taxpayer?”

“Probably half your tax.”

“I’d say about £4,000 per person.”

“This is to fund the party, not the schools, hospitals and roads.”

“I’d say the same, £3,000 or £4,000.”

Group 9: 23-30 years, C2DE, Wolverhampton

Our concern is that, while the £3 figure was very positively received within the research context, responses in a broad public context could be very different, depending on how this issue is communicated. We suggest that the £3 figure might be viewed much more negatively if it were given a particular context, such as the total amount this would

yield across all taxpayers and what this could pay for, e.g. in terms of health or education provision. It is not unreasonable to suppose, for example, that if the public were to learn that an extra £3 per taxpayer could pay for a new hospital they would consider that a more worthwhile and preferable use of public money.

*"It could build a small hospital"
... "Instead of funding bureaucrats."*

Group 10: 31-44 years, BC1, Wolverhampton

That said, as was made clear above, public disenchantment with the current political system runs deep and it may be that desire for change is sufficiently strong that the public would be prepared to name increased state funding for political parties a priority. If this is the case though, then the new arrangement would *have* to deliver on its promise of a more honest and transparent system; the worst case scenario would be for the public to accept increased state funding only for, in their eyes, 'sleaze' to continue.

The **activists** were shown the £3 figure and on the whole were also surprised that it was such a small amount. Those in favour of increased state funding were pleased and relieved that it was so reasonable. Despite this, as we shall come on to see in Section 5.4.6 all of the activists expected the public to find the public funding of political parties an unreasonable idea, and most continued to anticipate this, even after seeing the £3 estimate.

5.3.5 ***Paying for political parties might raise our interest in their activities***

This was an argument that came up *spontaneously* in some of the general **public** sessions. It is certainly worth noting, from the point of view that it suggests at least some willingness to engage further with the political system, and a sense that public funding brings with it some form of ownership or rights in the target for the funding. However it would be difficult not to feel that this claim to greater interest is disingenuous, given the public's concurrent lack of interest in, and understanding of, tax spending.

"It will give the taxpayer more control and they will think if it is their money they will have more of a say."

Group 8: 18-22 years, BC1, Guildford

“A lot of people don’t vote. They would tend to go and vote a bit more. Have your say because you have put your little bit into it.”

Group 10: 31-44 years, BC1, Wolverhampton

Of course, as was noted earlier in Section 5.3.1 **activists** anticipate that state funding will increase public awareness but they see this happening through the knock-on effect of increased activity and communication at a grassroots level, rather than because they think the public are likely to feel any greater stake in parties’ activities.

5.4 Arguments against

Although those among the **public** who were against state funding were likely to agree with the ‘arguments against’ discussed in the following sections, their primary reasons for opposing the proposal tended to be very straightforward and usually arose before sight of the stimulus.

Two camps emerged from across the groups:

- those who questioned why the current system needs changing and felt that current arrangements are satisfactory; they were largely unconcerned about ‘sleaze’, because registration provided sufficient reassurance, or because they put the reports down to ‘media hype’, or because they thought nothing could be done to stop it anyway
- those who struggled with the idea of political parties receiving any public money at all were those who tended to be the least interested in politics in our sample; they often claimed that politics has no impact on them and they wanted to see their taxes going towards more ‘deserving’ areas especially schools and hospitals

“I think the money would be best spent on the NHS”...

*...“**But remember we are not talking about running the country so it is not about money going towards the NHS or schools or whatever.**”*

“I think it is relevant as it has to come from somewhere.”

Group 8: 18-22 years, BC1, Guildford

The awareness or perception that parties can afford to spend ‘millions’ on campaigns reinforced their belief that parties neither need nor deserve any more money.

Although those who objected to increased state funding were a minority in our research, they tended to be both vociferous in their dislike of the proposal and unwavering in their attitudes towards it. As the discussions unfolded, it was clear that further information or arguments were unlikely to bring about a change of mind, and on this basis we would suggest that there are a minority for whom funding political parties via the state simply feels wrong and inappropriate and who will not be deterred from this stance.

Those *in favour* of increased state funding were nevertheless sympathetic towards a number of the arguments against the proposal that follow. However, rather than alter their position, these arguments generally helped to flag up some of the issues the public would expect to be addressed if a state funding system were introduced. The stimulus pushed the public towards articulating their feelings and priorities around these issues and revealed how crucial satisfactory practical arrangements would be to the public's understanding and acceptance of state funding.

5.4.1 ***There will always be corruption***

When presented to the **public**, this argument clearly chimed with the point of view of many of those opposed to increasing state funding who tended to adopt a cynical line. They expressed the belief that state funding would change nothing, that politicians are endemically corrupt and that the system should be left as it is.

"I don't think it will make any difference. They will just do the same thing."

Group 8: 18-22 years, BC1, Guildford

Those in favour of state funding were of the opinion that the problems with the current system are sufficiently severe that it is worth giving anything a go to see if it improves the situation.

"It's all about doing the best you can and trying to improve the system and that's a start for us."

Group 6: 45-55 years, BC1, Belfast

However, they also expressed some concern that, in combination with banning or restricting donations, a system of public funding could potentially make the problem of corruption even worse by pushing donations or other forms of influence under the carpet. They looked to

the system of implementation to put checks in place to ensure that this couldn't happen.

5.4.2 *We shouldn't have to pay for parties we don't support*

This line of thought was frequently dismissed, at least at first, by most of our general **public** sample and many of the **activists**. Perhaps surprisingly most of the public accepted, and were able to articulate, the principle that public money should either go to all parties or none of them.

“You wouldn't feel like saying ‘I am not having public funding because I am not paying for the Tories?’.”

“No.”

“I would have no problem with that.”

“If you worry about that you are small minded.”

Group 12: 56-65 years, BC1, Manchester

It may be the case that this equanimity derived from apathy or a lack of strong political allegiance among our sample; it was certainly the case that in Northern Ireland, where there was a higher level of engagement and partisanship with respect to politics, there were indications of a greater reluctance to fund all parties across the political spectrum.

However, as discussion developed, both the public and activists began to foresee problems with having to fund parties that they did not want to see helped in any way. The BNP was frequently mentioned in this context, as was Sinn Féin in Northern Ireland and occasionally by the more politically aware elsewhere. Research participants tended not to want these parties to be receiving *their* money and they questioned, as a point of principle, whether this sort of party should even be allowed to benefit from state funds.

“Let's say there is £20 million for each political party. If someone said to me ‘do I want to give 20 million to the BNP?’. I don't agree with their racist policies...”

...“But think about Sinn Féin that is the political party of the IRA. Can you imagine £20 million of our money funding something like that for a political party that gives money for arms for terrorism?”

Group 10: 31-44 years, BC1, Wolverhampton

So-called 'loony parties' such as the Monster Raving Loony Party were also felt to be undeserving of public money and there was some call

from both public and activists that parties should demonstrate a serious contribution to political life in order to receive funding.

"Somewhere though you'd have to stop the crackpots. Is there something they would have to do to get this funding and show that they are..."

"They'd have to prove themselves."

"Such as?"

"Serious criteria to become a party."

Group 6: 45-55 years, BC1, Belfast

A few of the more engaged among both public and activists acknowledged that, although funding these sorts of parties might be distasteful, there could be no reasonable grounds for excluding them. The Green Party activists and one or two of the public, alone in our research, identified a positive aspect to funding all parties. They suggested that bringing extremist parties into public view and engaging in debate with them (as would be forced to happen in return for their receiving state funds) might rid them of their mystique and expose their lack of political depth and argument.

"In many ways the extreme parties exist when you keep them in the dark... When you get them out in the open and actually ask them questions, 'well OK, that's what you think about such and such a race, but what do you think about housing problems?'. And then they go – stumped, they don't know. To me that's hiding in the dark corners. It's only when you get them out you find out what they're made of."

Group 6: 45-55 years, BC1, Belfast

Overall the research indicated that concerns over just who could receive public money would be likely to pose a serious obstacle to the acceptability of state funding. Some initial suggestions for how activists and public would like to see this tackled are discussed in Section 6.

5.4.3 ***Would weaken the link between voters and parties. Parties should raise their own funds and we don't want HQ to lose touch with the grassroots***

The **public** certainly expressed some concern that a guaranteed income might mean that parties will become lazy about maintaining links with the public. This followed the logic that currently a party's level of funds reflects the effort they put into campaigning and their ability to convince the electorate of the value of their policies.

In the end, most agreed that the parties still depend on winning votes, and that this relies on keeping in touch with the public. Therefore, whether or not they depend on the public for money, communication and campaigning will have to continue.

“Would it make them lazy if they thought the money’s going to come out of the public purse...”
“You still have to sell yourself, but you’re on an equal footing.”

Group 6: 45-55 years, BC1, Belfast

However, many still called for some form of donations to be maintained as this provided reassurance that political parties would have an incentive to work at appealing to the public between elections and would also ensure that those parties that fail to make themselves relevant to the public are not simply bank-rolled by the state.

It may also be the case that this was connected to the ‘fairness’ argument outlined above, and the residual sense that some parties ‘deserve’ more money than others because they develop more appealing policies or work harder at attracting support, with the concurrent desire to ensure that some mechanism for recognising this is built into the system (see Section 6 below for further discussion).

Activists’ deepest concerns about a system of state funding emerged in this area, over the effect state funding might have on the relationship between their party and its supporters.

Local party activists were adamant in their belief that parties should be entirely responsible for raising their own funds and they were proud of adhering to this principle. The methods for doing this differed slightly across the Local parties represented:

- *either* reliance entirely on funds supplied by those directly involved in the organisation, i.e. candidates and their supporters, as they believe this to be the only way they can genuinely claim to be ‘independent’
- *or* raising money solely through canvassing among the electorate which they saw as a vital part of their work as it ensures they are directly in touch with, and accountable to, the local community

Some of these Local party activists also contrasted those who get involved with their party, because they are genuinely motivated by the issues and care about the local community, with the sort of ‘career politicians’ that might be found in the major parties, and they put this difference down, to some extent, to the differences in funding. They believed that the need to ‘get out there’ and campaign and work hard to ensure that the party remains solvent as well as electable would not attract anyone unless they cared sincerely about the issues involved.

“It shouldn’t be made easy to be a politician. What you need to be a sensible politician or a useful politician is fire in your belly, not hunger in your belly and needing a meal ticket.”

Activist, Local party

“If you want to make a case, part of that case is putting money where your mouth is or winning that case over a wider front which then develops the money.”

Activist, Local party

As a result, Local parties were strongly opposed to state funding both in principle – because it goes against the grassroots activism that they believe politics should be about – and in practice – because they felt that it would have the effect of creating and legitimising an even greater distance between the political elite (i.e. the major parties) and the electorate.

“It would mean the party wouldn’t be dependent upon money from the members. That’s something that we’re very fearful of which is why...the membership must never be detached from the party.”

Activist, Local party

It was clear that the Regional party activists in our sample had much sympathy for this vision of grassroots political activism, and were, to a certain extent, nostalgic for the days when fundraising events were widely supported within their community. However, they spoke of how the changing political climate has forced them to broaden their sources of income and take a more pragmatic approach.

“It’s getting more and more difficult purely because the television has turned off a lot of people to politics. Twenty years ago I could run a dinner dance and have 150, 200 people there quite easily. Those days I think are gone.”

Activist, Regional party

The pressures to spend more on campaigning and the reduction in income (discussed in Section 5.3.3) mean this style of fund-raising is

no longer sufficient. They thus welcomed state funding as an additional source of income, but wanted any system introduced to ensure that parties' connections with their grassroots are maintained in order to:

- *enable* grassroots supporters to still play their part and show their support by giving donations up to a certain level
- and to *compel* parties to maintain their links with their communities

"The thing we think is very important in the party is that it is a party of it's membership and I think the fact that it is dependent on its membership for finances is something I wouldn't want to give up. But partial funding I would support."

Activist, Regional party

Major National party activists played out an argument against state funding along somewhat similar lines – that is a fear that state funding would lessen the importance of grassroots fundraising and local membership activity. In our sample these activists were already the most distant from their party's central organisation and articulated the sense of being a cog in the vast wheel of their party structure. Compared to both the Local party and Regional party activists, this led to a slightly different set of concerns:

- that their role, of which local fundraising and/or recruitment generally comprised a large part, would be reduced in significance

"I enjoy fundraising. I enjoy politics but I enjoy fundraising. I might feel very sidelined and move into something else."

Activist, Major National party

- that the additional benefits of fund-raising events, beyond their simple function as money-earners, would be lost e.g.:
 - they offer an occasion for the maintenance of links between ordinary party members or supporters and the party's central organisation – examples quoted included the attendance of MPs or MEPs at local events

- they provide an opportunity to 'spread the message' and encourage new members
- their social function is often highly valued

"I think you would lose that link with certain members because fundraising brings people together. You would lose that social side of things and that keeps the party going, keeps members active and interested in what's going on, keeps them fighting the cause."

Activist, Major National party

Major Party activists voiced fears that state funding might mean a more distant central party with a consequent decline in *local* interest, income and support. They also raised concerns about how it would affect the nature of the party if it moved away from its volunteering to a more 'professional' basis.

5.4.4 ***Wary that state funding would provide a means to control party policy or individual choice***

A number of **activists** were wary of how state funding might compromise their party's stance, or even become a means of exerting control over their party's policies. For example:

- some activists felt that, by accepting public money, their party could be said to be working with a political structure that they are opposed to, such as nation-state capitalism or the European government system. Activists did not want to feel they were being brought 'within the fold of respectability' by accepting this money or be forced to change their policies to fall in line with eligibility requirements for state funding
- Green and Liberal Democrat activists stressed that their support for state funding was part of their overall call for electoral reform and that they could not participate in a system of state funding unless changes to the electoral system had also taken place, as without this, state funding would just be perpetuating the injustices of the current system
- Local party activists felt that one of their great points of difference, and the key to their success, is their independence

from the 'business' and bureaucracy of what they characterised as the centralised, elite, Westminster political system; their concern was that by accepting public funds their critical distance from the political mainstream would be compromised in the eyes of their supporters, and moreover that their character and mode of operating would, inevitably, become more 'businesslike' (which they viewed negatively)

"How can we maintain we're independent if we're getting paid by the men in pinstripes?"

Activist, Local party

"I think what we're saying is, as independents, we want to be excluded from the party political back-scratching that goes on... We want to become and maintain our freedom and independence, that is the most important thing to us. We don't want to be excluded by any sort of spin or whips or anything like that. We want to be independent."

Activist, Local party

- finally there was some feeling that a system of state funding could bring about a process of homogenisation within the political scene. This was felt particularly by the Local and some of the Regional and Minor National party activists who have already seen changes to their mode of operation as a result of PPERA legislation. They were concerned that eligibility for state funding would require a level of 'professional' organisation that could put off grassroots and new political movements

"We had to get volunteers to do all the work and the main parties employed people to comply with the legislation and that is a prime example of stitching up in order to deter other parties."

Activist, Minor National party

"There are more and more bureaucratic hurdles, obstacles to get over...it can be used as a tool to suppress the possibility of there being greater diversity in politics."

Activist, Minor National party

Like the public, none of the activists wanted donations by individuals to be banned completely. For all, it was a matter of principle that individuals should be allowed to express their support for a political party in this way. However, opinions as to whether there should be a limit to the amount given differed across the activists' sample.

While a restriction on the size of donations was seen as acceptable, or even desirable, by most, some, for example activists from the Conservative and UKIP parties, were opposed to the curtailing of individual choice in any way, and did not want to see a system of state funding if it would mean restricting the right of individuals to choose how they give their money.

It is interesting to note though that these objections and concerns did not necessarily lead to rejection of state funding completely. Some of the activists claimed they would be happy to see such a system introduced as long as it remains optional and their party were left free to raise money as it chooses.

5.4.5 *It would lead to even greater dominance by the big parties*

This argument against the introduction of state funding was put to the general **public** groups as part of the stimulus. However, most of the points this raised have already been dealt with in relation to other arguments.

Frequently this issue was brought up spontaneously by both public and **activists** as part of the discussion around the potential for state funding to create a fairer system by giving smaller parties a chance. Participants were often quick to realise that giving *every* party an *equal* amount of money would, in a sense, be just as unfair (as the current discrepancy between small and large parties); not only do parties have differing needs according to their size/number of candidates, but there was a feeling that funding must recognise, in some way, the extent of the contribution that parties make to our political system. The public saw that a contradiction lies in the fact that on the one hand the major parties could be said to deserve more money because they have a greater need, but on the other it is difficult to envisage how this might be done in such a way that avoids entrenching the status quo.

Both research audiences struggled to devise a way round this conundrum, although some of the suggestions for implementation discussed in Section 6 of this report indicate the sort of measures which might be considered satisfactory in this regard. A minority of the public felt that the challenge of dealing satisfactorily with the question of how to apportion funds between parties was too great, and that as

the current system has developed over time and does at least 'work' to some extent it would be better to leave things as they are, rather than impose an artificially devised system.

As noted though, many of the public were in support of state funding precisely because they hoped it would create a more level playing field. Although they could not identify a set of arrangements that would achieve this, they would expect those responsible for introducing such a system to be able to deal with this in an intelligent and satisfactory manner; any system that is not seen to do this may undermine support for this measure.

5.4.6 *Taxpayers would be against it*

Without exception, all the **activists** in our sample expressed concern that state funding would be an unpopular measure with the public. Activists assumed that the public would resent paying more taxes and would prefer to see their money spent on public services. This is an interesting observation in the light of the findings from the groups with the general public.

"I think a lot of people in the country would think it would be appalling that their money was going to political parties. I think there would be a measure of public hostility to it. So it might even lower public confidence in politics."

Activist, Regional party

Activists were also concerned that state funding would offer an easy media target.

"The media coverage of this will either be of people swanning around in Bali and lying on the sand, having a whale of a time, or it will be on something like the BNP being funded for something."

Activist, Minor National party

These assumptions about the public produced an interesting set of responses among the activists' sample:

- Major National party activists were unwilling to see their party come out in support of, or introduce, a state funding system because of what they saw as the political risks involved. This inclined them further against the issue

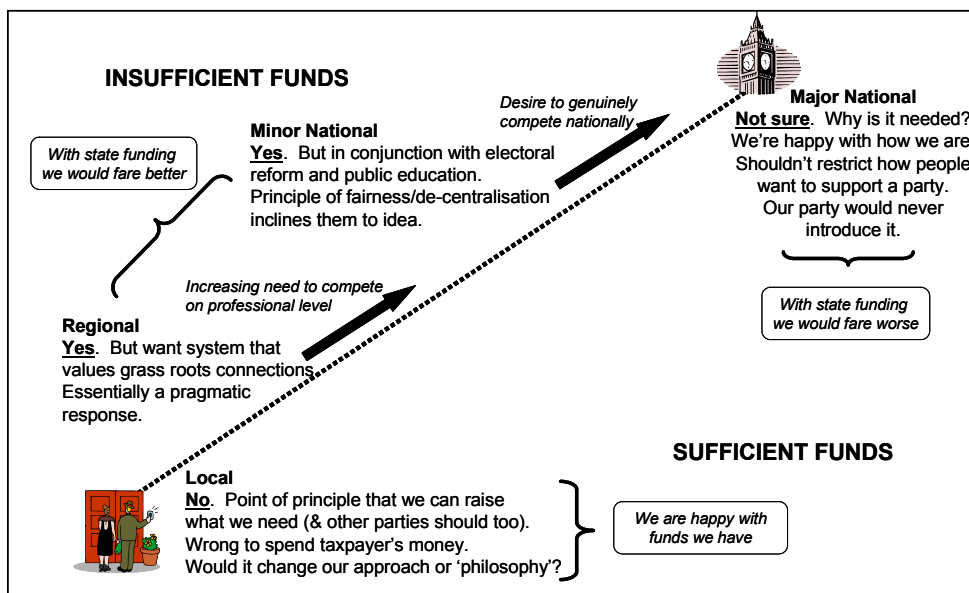
"I wouldn't want it [more public funding]. It would be met by an enormous outcry from the population. They wouldn't see it as promoting politics which is in their interest...I think it would go down very badly."

Activist, Major National party

- for much the same reason, Regional and Minor National activists had little hope that any government will ever take the step of introducing state funding. They called for a campaign that would seek to educate the public about the benefits of state funding for the country and for our political environment, with the hope that this would allow it to become a more acceptable measure, but were pessimistic about whether any ruling party would have the courage even to go this far
- Local party activists assumed the anticipated 'populist' position and were strongly opposed to public money going towards funding party politics

5.5 Summary of activists' positions

Here we wish to give an overview of activists' views with regard to state funding. This diagram highlights the importance of the pragmatic issue of whether or not activists feel state funding would bring financial advantages for their party.



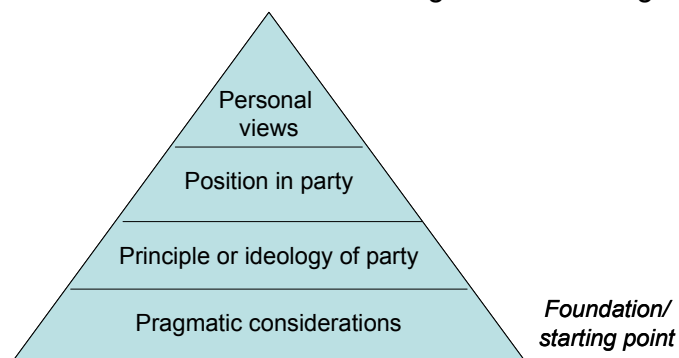
In the main, activists spoke in line with the arguments given above for the different types of party. However, individual activists were not

always consistent in their views, and even within the space of our interviews with them articulated points that were sometimes in favour of, and at other times against, increased state funding. A handful, from across the party spectrum, seemed to tend towards the view that, while increased state funding offers benefits, it should perhaps be optional, allowing parties to 'opt out' and to raise money as they choose, on the condition that their funding is open to public scrutiny. This could also help to allay fears of state funding being used as a means to control either individual choice or party policy and approach.

Overall it was clear that the interplay or consideration of a number of different factors shaped activists' responses. These factors were:

- **pragmatism:** ultimately the perception of whether increased state funding would help their party or not was a (perhaps *the*) major influence on responses
- **party line/ideology:** the stance of a number of activists was directly informed by their party's ideological and policy approach, not only to this issue directly, but also, for example, to Europe, our electoral system or freedom of choice
- **position in party:** activists' roles in their party and contact with the party's central organisation differed for the different types of party, affecting their awareness of, and stake in, their party's financial position
- **personal response:** finally, responses were clearly shaped to some extent by activists' personal views and their instinctive articulation of right and wrong

In summary, these factors and their role in affecting activists' responses can be summarised according to the following diagram:



6. How increased state funding might be implemented

Both the public and activists discussed the following suggestions for how a system of state funding could be arranged. Activists were often familiar with many of them and had already formed their opinions of what they would like to see happen, although some new possibilities were also thrown up.

Discussion of these measures did not persuade anyone who was already opposed to state funding that it might, with the right system in place, be acceptable, although the suggestions did provide important reassurance for those who were already inclined towards state funding. Nevertheless, these measures were discussed by those both for and against the idea and so responses were a mix of those seeking to optimise what they saw as a good idea and those seeking to minimise the negative effects of something they were opposed to.

6.1 Restrictions on donations

These suggestions, or something like them, were anticipated by both public and activists and support for state funding was usually expressed as conditional upon the introduction of measures along these lines. The public and activists differed in their responses to the suggestions put forward.

6.1.1 *Matching donations*

State funding matched to donations

- Voluntary program in New York:
 - every dollar received in donations is matched by 4 dollars of public money (up to \$1,000 per donation)
- In exchange, candidates must agree to:
 - full disclosure of campaign finances
 - limits to contributions and spending
 - not accepting donations
 - participation in public debates

This measure held some degree of appeal with **both audiences** because it:

- was seen to be one way of achieving ‘fairness’ in the question of how much different parties should receive
- implied that parties would be incentivised to maintain links with the electorate in order to attract donations

“I like it because they still have to work to encourage us and to tell them whether they are doing a good job.”

Group 8: 18-22 years, BC1, Guildford

- would continue to allow individuals to express their support for their chosen political party through donations

However, there was widespread concern from public and activists that this system appears not only to reinforce the status quo with regards to party’s differing financial positions, but also potentially encourages and rewards inappropriately large donations.

The conditions that accompanied it, such as the need to participate in public debates, were welcomed and considered appropriate, although the \$1,000 cap was often not taken on board. When pointed out this gave some reassurance that the influence of wealthy donors could be curbed, although there were still concerns that, for example, multiple donors could be recruited to give \$1,000 each. On the whole the principle of matching donations was not seen to adequately tackle the current problems of lack of fairness and transparency.

6.1.2 *Banning donations*

Donations from certain types of donor are banned

- E.g. in Canada donations from corporations and trade unions are not allowed

Banning certain categories of donors addressed head-on an area of prime concern to the **public** – that is the influence of big business on politics; trades union donations were generally deemed less worrying, but it was thought logical in this context that they should be banned. A

few of the public expressed some concern and sadness that parties' traditional links with the labour force, or with business, would be lost.

"It takes away that the funding directed towards parties shapes and identifies the party in the way they are and that they act in accordance with the funding they are given... A Tory government would be funded by big corporations and oil companies. They can have policies which will be in the best interest of those conglomerates. If you make all that funded by taxes you have taken away the fundamental thing which defines the identity of the party."

Group 10: 31-44 years, BC1, Wolverhampton

This feeling was strongly apparent among **activists**, who seemed to prefer that *all* donations should be capped and the system made completely transparent rather than that *some* donations be banned. They felt that at least some sense of parties' differing identities and heritage should be maintained by allowing donations from their traditional support bases, even if such donations were severely restricted.

6.1.3 *Capping donations*

Limits on the size of donations that parties can accept

This measure appealed to both **public** and **activists** as the best way to address the problems they associate with 'sleaze'. Suggestions from the public on what might be a reasonable level varied hugely (and again reveal their lack of context for considering such figures) from £50 to £5,000 to £1million; the overall consensus being that it should be what the 'average man can afford'. Activists more consistently suggested limits of somewhere between £5,000 and £10,000.

There were some concerns expressed by both the public and activists about the loopholes that might be used to get round this system and an expectation that measures would need to be introduced to tackle problems such as, for example, giving multiple small donations or donations originating from one source being made in a number of people's names. It was also suggested that a cap on the *total* amount of donations that could be accepted by any one party, might offer another means of addressing the financial dominance of the two major parties.

6.2 Restrictions on spending

Limits imposed on the amounts parties can spend on elections

Capping the total amount spent by a party was a popular measure across the board, even with those who were against increased state funding. Some of the **public** were aware, or assumed, that caps are already in place for election budgets⁵, but there was still a widespread perception that parties (particularly the major two) spend vast amounts on campaigning and that these costs will only increase as parties feel the pressure to compete with each other. This was a further strand to the public's belief that politics is out of touch with normal people.

“What I would like to see is for somebody to say ‘we’re going to put a lid on the whole thing’ and say it’s 5 million each and then instead of having blunderbuss advertising campaign and big buses or whatever your gimmick is, these things driving around with big hoardings on, do that if you want, but you’ve only got the 5 million.”

Group 6: 45-55 years, BC1, Belfast

In the context of discussing state funding, restricting spending was welcomed by the public as reassurance that the amount of public money made available would be limited.

While all **activists** could see the sense to limiting spending, Regional party and Minor National party activists were most strongly in favour as they are particularly affected by the greater resources and spend of the major parties.

However as comments, particularly from Local party activists, made clear, this measure would need rigorous and intelligent policing. Local party activists claimed that, despite there being a limit on per candidate spend at a local level in an election campaign, this frequently appears to be disregarded by the major party candidates whom they are standing against. Part of the problem they explained is that it is difficult, if not impossible, to distinguish between what is spent at local and at national levels. For example they pointed out how local candidates benefit from the backing of the national party structure through elements such as national advertising (which Local parties

⁵ The limit currently stands at approximately £20 million if a political party is contesting all 659 seats.

cannot afford) and party political broadcasts (to which they have no access).

"We have this limit and yet you open the Daily Mail and you turn on the television and they say 'vote Conservative' or 'vote Labour' and that comes out of the national budget and yet it is there for everyone to read at the time of the local elections. I am glad they have this cap on election expenditure but then what are they doing about all the national advertising that doesn't have any cap on it."

Activist, Local party

There was a recognition also that, if set at a national level (and not just per candidate), caps on spending would have to be sensitive to parties' size and role, for example taking into account the number of candidates put forward in a campaign.

6.3 Link to electoral success

Public funding linked to success in elections

- In Sweden funding decided by:
 - average number of seats won in 2 most recent general elections
 - but parties with no seats in parliament, but with at least 2.5% of the vote, also receive some funding

Success in elections seemed the most obvious and fairest means of deciding how much money a party should receive, although ultimately the research was unable to reach any clear agreement on the best way of doing this.

Using the average number of seats was dismissed by both the **public** and **activists**, with the recognition that this would once again reflect the status quo with regard to parties' financial positions rather than challenge it.

"When you're funding them based on the number of seats they've got in Parliament, what you're basically doing is potentially perpetuating the evil. For those that haven't got seats or have only got a few seats. Just to throw money at the ones that are already there, you're not helping to change the system, you're perpetuating what's there. It's never really going to change like that."

Group 3: 45-55 years, C2DE, Swansea

Basing the amount on the percentage of votes gained was deemed fairer, although still left the public with concerns over whether this would give money to parties such as the BNP. Some activists suggested that if the percentage levels were set appropriately then parties such as the BNP might legitimately be excluded.

Activists pointed out a number of factors they would like to see given consideration with any measure introduced along these lines:

- that percentage of votes would need to be calculated within the region/devolved nation and not across the country as a whole

“Scotland has its own Labour Party, albeit that it’s part of the larger UK and the same with the Tories, they have their own conferences up here and everything else. There is no reason whatsoever that Scotland couldn’t be treated as an entity for funding, England could be treated as an entity for funding and Northern Ireland rather than the UK as a whole.”

Activist, Regional party
- that representation at other levels, and not just at Westminster, must be recognised; Regional Assembly level was most pressing to this sample, although Europe and the GLA were also key considerations
- that a system would have to be devised for funding new parties, to take account of them not participating in the last election, and also in recognition of the fact that it takes time to attract support
 - suggestions that start-up fees and years in existence would have to be taken into account

Ultimately the research revealed that any simple correlation between electoral success and amount of money awarded was unlikely to be considered satisfactory by either activists or the public. Nevertheless the discussion was helpful as it revealed two principles that appear to inform what people would like to see happen here:

1. the funding arrangements need to be fair to the extent that they recognise parties’ success and role in political life

2. funding should also seek to redress the current inequalities that mean that richer parties have advantages over poorer parties simply as a result of having greater resources

The most satisfactory solution (from the participants' point of view) arrived at during the research sessions was for a system which provides a base level of funding for all parties, which is then added to according to levels of support.

6.4 Link to membership fees/level

In Germany, funding is decided by the total of party membership fees

This suggestion was not popular with the **public** who felt that it would be too easy to 'fiddle' and that, yet again, it would simply maintain current inequalities. We suggest also that low levels of awareness about, or interest in, party membership among our sample may have meant that this option lacked tangibility or meaning when presented in the groups.

Among **activists**, however, this suggestion was often received very positively, particularly among some of the Regional and Minor National party activists. They felt that this would:

- provide a direct link with their grassroots campaigning ability
- and a chance to compete on a fairer basis with major parties

As with the other suggestions, activists were quick to point out some of the conditions that they felt would need to be applied to this measure:

- that relative membership levels should be calculated within the regions, if not on an even more local basis e.g. constituency level
- that if this were done then they would like to see a portion of the funds directed towards parties' local branches and not just the central headquarters, in order to reflect the work that is put into recruiting members at the local level

6.5 Targeted funding

Funding only for certain activities

- In Ireland parties receive money for:
 - general administration
 - research
 - policy foundation
 - promotion/participation of women and young people in political activity
- In Germany, money is provided to:
 - fund parties' youth sections
 - promote the participation of young people in politics

The **public** struggled to envisage not only how this sort of system might work, but what advantages, if any, it offered. The examples given in the stimulus did not help their understanding, and often added to suspicion about whether this would be an appropriate use of public money. People felt that they would not necessarily want to see their money spent on these sorts of areas, but were unable to think of any more acceptable examples. These responses were probably shaped to some extent by participants' generally poor understanding of what political parties do. Moreover, concern emerged that targeted funding could give an opportunity for government to impose an agenda on parties' policies and actions by directing how their funds could or could not be spent.

Activists could see some value in directing funding towards what they identified as parliamentary or governing activities. Some felt this was more justified than spending public money on overtly political or campaigning activities.

"Go out and do your research and identify the building bricks for any future policy. But any promotion of that policy, any campaign activity should be funded separately by the parties themselves."

Activist, Regional party

Overall though, there was little strong enthusiasm for the suggestion of targeted funding.

Both public and activists questioned how this system could be policed to ensure that the money is being spent in the ways that it should.

6.6 Tax relief

Tax relief

- In the UK charities claim back tax relief from the Inland Revenue for gifts received. This increases their value
- A similar system could be introduced for political donations
- A system like this has been in place in Germany since 1974

This caused some degree of confusion and even antagonism among the **public**. Their familiarity with this measure in the context of charity donations raised questions of whether political parties are now to be treated as charities – an idea that could provoke considerable outrage. There was also a lack of clarity over how this measure would work – where exactly does this money come from, would this end up taking money away from public services? This muddied the waters and left the public with suspicions over the degree of transparency to this sort of arrangement.

Further concerns were raised in the minds of both the **public** and **activists** by associations with tax evasion practices and the fact that this measure appears to encourage and reward large donations.

However, there was some interest in this measure from Local party activists who suggested that tax relief might be a sensible way to encourage and help small parties in a fair manner, for example by making tax relief available to parties with an income of less than £1million.

6.7 Availability at local level**Availability of funds to local parties**

- In some countries, for example Sweden, public funds are made available for political parties at the county council and municipal level as well as at the national level

This proposal was discussed with **activists** only who, in this context, tended not to express particularly strong opinions either way. Across the sample it was activists from the Minor National parties who felt most strongly that money should be directed towards local organisations, and who had developed reasons for this view:

- they felt it was the only way to ensure a fair distribution of funds *within* the party – otherwise the central organisation might be in danger of favouring more successful areas
- they believed it was the most effective way to ensure grassroots activity, education and communication
- it tended to accord with their party's ideological stance towards resisting centralisation

"The money won't necessarily filter down from the national party... London is a long way away and if you feel that things are not being done at a local level properly you get disenfranchised."

Activist, Minor National party

Some Regional party activists wondered whether, if their central party organisation were funded by the state, local organisations would be permitted to continue to raise money through donations and membership dues. If this were the case, then the local branches could become self-sufficient as there would no longer be a need to send money to their party headquarters.

In connection with this issue, it should be remembered that when discussing linking funding to membership levels, activists had clearly felt that such a measure would need to work in conjunction with a proportion of funds being directed to the local party.