

**20 Years after the Lortie Commission and 45 Years after the Barbeau Committee:
A Review of Canadian Scholarship on Party Finance**

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Introduction

Canadian scholarship into issues of party finance is both broad and deep. The bedrock of the field is the series of studies and final report of the Committee on Elections Expenses (Barbeau Committee) published in 1966. The work of the Committee and its contributing authors was foundational to subsequent reforms to the nation's party finance regime, the first of which followed closely after the publication of the final report.

Reports and studies undertaken by the Royal Commission on Electoral Reform and Party Finance, or Lortie Commission, published in 1991-1992 constitute a second signpost in Canadian party finance. Its recommendations continue to shape legislation and outlooks on party finance. Many contemporary Canadian scholars of campaign and party finance are those chosen to work on either the Committee (Vickers, Stein, Meisel, K. Z. Paltiel and Whitaker) or the Royal Commission (Hiebert, Seidle, Aucoin, Carty, Jenson and Stanbury), names that resonate not only to those familiar with party finance but to a broader spectrum of Canadian scholarship. Others such as Cross, Young, MacIvor and others have joined the stream of scholarship.

A review of Canadian scholarship, in comparative context, is particularly appropriate given the fecundity of Parliamentary activity, judicial decisions and regulatory decision making by Elections Canada over the past decade. A new *Canada Elections Act* in 2000, further tightening limits on third party spending, the *Political Finance Act* of 2004, introducing limits on business and union contributions to political actors and the introduction of tax-paid subsidies to parties and the *Federal Accountability Act* of 2006, eliminating business and union contributions have dramatically reshaped the context of Canadian politics. Court cases have probed the definition of political party, the

place of civil society engagement in election campaigns and the inner financial workings of Canada's political parties, not to mention their scandals—those either real or perceived.

The purpose of this paper is to examine the extent to which the Canadian literature on party finance has:

- shaped and participated in these outcomes;
- predicted them;
- evaluated evidence;
- reacted and reworked its foci, in the midst of this dynamic period.

I employ a thematic approach and argue that Canadian scholarship in party finance played a significant role in shaping legislative and judicial outcomes in both 'problem identification' and 'policy alternative specification,' two streams of the trilogy propounded by Kingdon (2003) with the final stream 'politics' providing an independent catalyst to change. My review suggests that the literature continues to demonstrate a strong normative dimension, favouring further intervention and regulation of campaign finance, despite its findings of only limited benefits flowing from the reforms undertaken to date. By contrast, scholarship on U.S. and U.K. party finance demonstrates, for the most part, a more pragmatic approach which also is more grounded in historic institutionalism. I conclude by noting gaps in the literature, which new scholarship could investigate, in order to ensure that Canadian scholarship on the subject maintains its well-recognized expertise and furthers its contribution to comparative studies of party finance.

Throughout, I use the terms party finance and campaign finance interchangeably in recognition of the fact that both terms are used in the comparative literature.

Party Finance as a Sub-Field

Hopkin (2004), among others, argues that the field of comparative party finance is characterized both by an absence of theoretical development and by a failure to link proposed measures to the democratic theory implicitly underpinning them. As Alexander (2005) states, “Political finance reforms are not neutral. Instead they are used as instruments to achieve political goals. They change political institutions and processes, sometimes in unforeseen, and not always salutary, ways.” It is therefore important to evaluate recommendations in the literature first with regard to how they specify the ‘problem’ of campaign finance and the ideal role they assign to campaign finance as a part of Canada’s political institutions and second where these recommendations fall along the spectrum of liberal democratic to social democratic practice.

For the purpose at hand, I employ the following cues or shortcuts. Liberal democracy is defined as a category characterized by representative government, where elected representatives function as trustees of the interests of their constituents and the nation as a whole; choices of individual citizens; and freedom from coercion. By contrast, social democratic or participatory democracy focuses on redistribution of resources among individuals and groups, welcomes government or state activity in shaping of the economy and prioritizes representation that is substantive or numeric, that is where elected representatives mirror the characteristics, racial or other, of their constituents.

A further distinct difference between the models, which is important for the subject of campaign finance, is the value placed on the relative sizes of the public and private spheres. The “distinction between ‘public’ and ‘private’ has been a central and characteristic preoccupation of Western thought since classical antiquity” and the

“public/private distinction stands out as one of the ‘grand dichotomies’ of Western thought” (Weintraub 1997, 1). Liberal democratic theory prizes a large private sphere relatively unencumbered by state regulation or intervention. By contrast, social democratic or participatory theories, in general, do not mistrust government activity and instead rely on the government of the day or the bureaucratic state as not only an arena but an actor on behalf of citizens. Finally, attitudes toward capitalism vary significantly between the models, with liberal democracy theorists displaying, in general, favourable attitudes toward vibrant capitalism as part of the private sphere while social democratic/participatory theorists display distrust of liberal economies.

Specification of the “Problem” and of Policy Alternatives

The Liberal government mandate for the Barbeau Committee was to “inquire into and report upon the desirable and effective measures to limit and control federal election expenditures” (Barbeau Committee Report 1966, 5). What is notable are the two implicit assumptions: the first, that expenditures were too high and second, that it was a legitimate role for the government to limit them. Previous iterations of election administration and campaign finance law had focused on the elimination of corruption as practiced by either voters or candidates and a sensitivity to egregious abuses with regard to sources of income by trade unions or large businesses. Although various ideas to control spending had been floated as early as 1938, Parliamentarians never came to agreement. From this it can be inferred either that the mechanisms proposed were at fault or that Parliamentarians rejected in principle the need for controlling expenditures. In any case, the Barbeau Committee (1966, 24; 28-29) began with the assumption that there was a “failure” and “obvious weakness” of the existing legislation in dealing with parties and that, “We must

have legislation that will suppress any parasitic elements that might weaken democratic mechanisms.” Who or what those parasitic elements were was left unstated—perhaps because they were hypothesized but unproven. While concern with election expenses seems plausible at face value, so-called ‘uncontrolled’ expenditures’ or differences in spending between candidates or electoral districts can be defended on the principle of equality of citizen access to information given vast variations in Canadian electoral districts, based on their geographic location, population density, other socio-demographic characteristics, media penetration and so on.

The Committee, based on its scholarship, argued that “Most Canadians will surely agree that legislation which does not recognize parties is incomplete” (Barbeau Committee 1966, 28). This appeal is curiously a-historical and a-institutional. Canada’s Westminster parliamentary democracy is founded in the unwritten constitutional tradition of the United Kingdom. Political parties in Canada, like the U.K., had historically been accountable to a “dense network of election administration institutions” (Boda 2006, 14). These have included the long-established position of official agents acting on behalf of candidates, strong local constituencies, the electorate, a free and vigilant press and in Canada, Elections Canada (established in 1920) and provincial parties. Yet the Committee failed to acknowledge the strengths of the Westminster system and its ‘network accountability’ approach and chose instead to focus on the necessity of a single law at the federal level. Thus, the Committee recommended the registration of all political parties at the federal level, limits on election expenditures and on spending by third parties (that is, non-party actors) with legislation passed in 1970 and 1974, respectively, putting these recommendations into law.

It is also apparent that the Committee adopted an ‘absolute integrity’ approach (Anechiarico and Jacobs 1996), as opposed to one which evaluated the marginal benefit to marginal cost of additional legislation. Despite noting only two egregious examples of abuse of fundraising since Confederation and those fifty years apart, and occurring thirty years prior to its study, the Committee argued that the history of Canadian party finance nevertheless demanded not only transparency but limits on spending, although not on political contributions (Barbeau Committee 1966, 33).

These recommendations represent a more dramatic shift from the nation’s Westminster heritage and political culture than the authors admit. Whereas it was scandal and concern about propriety that had been triggers of earlier legislative changes regarding elections and campaigns, the new concern by the Liberal government was its financial viability given the costs of television advertising. This ‘problem’ was conflated by the Barbeau Committee into identifying not only the costs of election campaigns but also the sources of funds as the ‘problem’ to be addressed. This apparent disregard for the strengths of the Westminster system continues as a theme in the literature.

While leaving contributions to political parties untouched, the Barbeau Committee strongly endorsed limitations on groups other than political parties—now known as third parties in Canada—from activities during the writ period because, it argued, “without such restrictions any efforts to limit and control election expenditure would come to nothing” (Barbeau Committee Report 1966, 50).¹ The Committee wrote,

No groups or bodies other than registered parties and nominated candidates be permitted to purchase radio and television time, or to use paid advertising in newspapers, periodicals, or direct mailing, posters or billboards in support of, or opposition to, any party or candidate, from the date of the issuance of the election writ until the day after polling day (Barbeau Committee Report 1966, 50).

In coming to this conclusion, curtailing of free expression during an election campaign, the Barbeau Committee demonstrated its fear of Canadian political campaigns becoming like those in the U.S. where “ad hoc committees make limitation on expenditures an exercise in futility....” In so doing, however, it neglected to take into account differences embedded in Canada’s Westminster responsible government model versus the republican model of U.S. political institutions. Among such features are the separation of powers and the ability of members of Congress to introduce legislation, which together make individual members more identifiable and encourage more candidate spending; the extraordinary length of party nomination contests and presidential election campaigns plays a role; the varying terms of Congress and Senate make national elections more frequent. Finally the existence of the First Amendment and the legal climate surrounding First Amendment rights which had no legal equivalent (albeit a common law one) in Canada render the Barbeau Committee’s recommendation on third party expenditures astonishing.

The Committee stated that “it had no desire to stifle the actions of such groups in their day-to-day activities” (Barbeau Committee Report 1966, 50) and hence did not express an opinion on what today is termed issue advocacy. However, their recommendation to muzzle partisanship during an election campaign was remarkable for its time. Although no immediate legislation followed its publication, the Committee’s investigation itself served notice that the relatively unquestioned status and contribution of political parties and other groups to democratic well-being no longer obtained. One of its authors specifically argued as well that party finance to that time had introduced dysfunctionality to federalism in Canada (Paltiel 1966, 7).

In retrospect it seems that politicians, the press and political science scholars may have fallen into what Trent (2008, 27) terms “the trap of linear projections.” There appears to have been little or no contrarian logic voiced in Canada: that although parties had relied and perhaps even over-relied on television, trends both then and now have “a nasty habit of folding in on themselves and halting or reversing their tendency once they become too strong or dominant” (Trent 2008, 27). This point is of particular importance. The 1960s was also the decade in which alternative means of political expression emerged: university demonstrations; anti-war pop music; disruptions of political conventions and new demands on political parties. It is entirely possible that the surge in campaign costs¹ in the 1960s and 1970s was both experimentation with television as a means of reaching voters as well as a strategic response by parties to changing political and national cultures. The Committee failed to recognize the “inherent needs” (Heard 1960) of Canadian political parties and campaigns, such as the widely dispersed Canadian population, the need to educate post-war waves of immigrants from repressive regimes on voting and participation during election campaigns; the differing organizational features of Canadian political parties and their interaction with federalism.

A further example of the Committee’s a-institutionalist interpretation of events and of ‘solutions’ proffered was its approval of the party law and of party subsidies in the West Germany. The post-war German legislature had created its party law specifically to entrench parties in democracy given their failure in the inter-war period; had granted subsidies to parties to ensure they would not fall into totalitarianism again; and finally, to

¹ Whether in fact campaign costs did soar is a matter of some contention: although actual dollars spent in Canada, Britain and the U.S. on television advertising rose significantly, it is not clear that in terms of inflation-adjusted or relational terms (e.g. purchasing power) that election costs rose in relative terms (among others, Beer 1956; Heard 1960).

counter Germany's corporatist culture, which had been characterized by *frequent* party funding scandals despite the existence of subsidies (Schleth and Pinto-Duschinsky 1970; Blankenburg 1989). None of these factors was an issue in Canada.

Therefore, despite the extreme differences in the institutional and cultural settings, the Committee accepted that formal, legal rules, rather than informal constraints or network accountability was a superior method of governing party finance. In so doing, the Committee implicitly accepted a greater role for the government and the bureaucracy in regulating Canadian political parties. Second, the Committee saw no problems in making the ideas of not only German party law but also of subsidies 'travel' to Canada. By contrast, the Barbeau Committee's report rested on the presumption that whatever excesses existed—or were perceived as such—in the American system of politics would inevitably travel to Canada. In part, the fear of Canadian election campaigns becoming 'too American' can be seen as rooted in the anti-capitalist writing of C.B. Macpherson (Morrice 1994) and the anti-American 'lament' expressed by George Grant (1965) both of which were significant in Canadian scholarship not only of parties but also of party finance. As well, there was a presumption that American 'excesses' would prevail despite the differences between the constitutional structures: in Canada, party-centred election campaigns, a party-dominated Parliament and strong party discipline; in the U.S., the overall candidate-centred, rather than party-centered, focus of primary elections, and so on.² There was thus a distinct asymmetry in the scholarly approach to comparativism:

² "American legislators and legislative candidates have much more reason to be in business for themselves than do their counterparts elsewhere. Candidate-centered campaigns are understandable products of the American separation of powers. They enable candidates to add their own electoral appeal to their party's, especially when the party's appeal may be insufficient. The effect, plainly, is to reduce the importance of party organization in congressional campaigns. Candidates ordinarily find it expedient to have their own organizations even when they welcome party help" (Epstein 1981, 56).

while the benefits of German party finance could be imported without costs, the costs of the American system would be further imported, without benefits.

Finally, the Committee endorsed a role for the state that was unprecedented in Westminster democracies. It leaned heavily on the state-centric model of Quebec's politics and party finance as recommended by Barbeau, who had earlier chaired an investigation into Quebec provincial party finance. The Committee endorsed tax-subsidized and regulated election expenditures by candidates and parties as well as tax credits for political donations in order to encourage donations and legitimize them in the view of the electorate. The *Election Expenses Act* of 1974 incorporated both of these policy alternatives. Neither the U.S. nor the U.K. at the time—or at the present time—permit any taxable benefit to individuals with regard to donations to political parties or candidates. To summarize, the recommendations of the Barbeau Committee were bold, broke with Westminster parliamentary tradition, omitted reference to the democratic model underlying its recommendations, made selective use of comparative cases and made no reference to the costs—monetary or otherwise—that could act as detracting arguments to its recommendations. These characteristics serve as harbingers for Canadian scholarship since that time.

Paltiel went on to be the most prolific author in the field of Canadian party finance, following his work with the Barbeau Committee. His view of parties was rooted in the ideologically-based, mass party model celebrated by Duverger (1959) which characterized the West European democracies despite the fact that these parties sprang from a different institutional and cultural setting (Epstein 1982; Scarrow 2004). Paltiel faulted Canadian political parties, in their entirety, for failing to conform to the European

mass party model (1970, 113) which were financed (albeit for a fairly short historical period) by dues-paying members. Paltiel did not celebrate private-sector funding as standing in the voluntarist tradition of the Westminster democracies (Fisher 2009) but termed it something to be “admitted” only (Paltiel 1970, 114). As a result, the ongoing policy solutions that he advocated—and which predominated not only scholarship but policy—were state financing and low ceilings on election expenditures in order to obviate appeals for union and corporate contributions to parties. He held this position despite acknowledging that Canadians held “contradictory attitudes toward alternative control measures” which reflected widespread “regional, ethnic and cultural disparities” and did not object in principle to private sector contributions (Paltiel 1970, 129; 131). This early normativism continues as a prominent theme.

Within the closely-related stream of Canadian party literature, the theme of declining or failing political parties gained ascendance in the Canadian literature in the two decades following Meisel’s 1979 work, to be followed by the theme of ‘parties in transition’ (Carty, Cross and Young 2002, 34)—perhaps the most frequent descriptor of parties from 1989 onward, witnessed by the title of a prominent text (Gagnon and Tanguay 1986; 2007). The decline of party theory gained considerable traction from the earlier work of C.B. Macpherson whose ideal “political system [would] be participatory, pyramidal, with representatives who are delegates, *but without political parties*” (Nelson 1984, 137; italics added).

The Royal Commission on Electoral Reform and Party Finance in 1989 (the Commission) spawned a new generation of party finance scholarship. The Conservative government struck the Commission to assess Canadian party finance legislation in light

of the *Charter of Rights and Freedoms* passed in 1982 and to address the activity and perceived ‘threat’ of third parties in the free trade policy debate of 1988. While the research of the Commission was more wide-ranging and employed updated methodologies, most of the recommendations stayed well within the mainstream view that had prevailed since the Barbeau Committee: more regulation of parties, candidates, electoral contests and third parties was necessary to ensure fair elections. The Commission also relied on a “‘European’ notion of parties” (Jenson 1995, 226 cited by Seidle 2011). The Commission and its authors made two signal assumptions: the first is that existing party finance arrangements constituted systemic barriers to candidacy in Canadian general elections and that its mandate should focus on the “ethical dimensions of political culture and practice” (Commission 1991, Vol. 1: 8, 2).

Whereas the Barbeau Committee had focused on the cost of elections, the Commission made ‘fairness’ the litmus test of all party finance policy, identifying differences between parties or candidates in their financial resources as ipso facto unfairness. In fact, the Commission interpreted ‘fairness’ quite liberally in order to encompass the work of third parties. The definition of fairness adopted by the Commission has dominated the field of Canadian party finance in the ensuing period not only in terms of party finance but also in terms of regulating third party activity. The Commission argued that the “electoral process must not be equated with the democratic marketplace” (Vol. 1, 324) because doing so would negate the principle of ‘fairness’ and second, that the position of political parties must be protected. The Commission also argued that “fairness may justifiably restrict the exercise of certain freedoms in the pursuit of justice itself” (Vol. 1, 325). Thus it advocated controls on third party spending

during election campaigns but recommended that “no restriction as to size or source of political contribution be initiated, and all individuals, corporations, trade unions and organizations be encouraged to support the political party of their choice” (Commission Vol, 4, 70).

Advocacy for further restriction on third party spending has been taken up by the domestic policy community, including Stanbury (1996), Hiebert (1998; 2006), and the Chief Electoral Officer (2003, 2). The latter has advocated for further circumscription of third party activity during the writ, deeming it necessary to “fill the gaps in our electoral legislation” and has deemed third party expenditures during an elections “an anomaly” (Elections Canada 2004, 3)! That voices other than political parties should be deemed ‘an anomaly’ is an extraordinary claim to make in a democratic society and yet no objection can be found in the party literature. Again, despite its Westminster tradition, Canada began to resist third party influence much earlier than occurred in the U.K. or the U.S.

Authors since the time of the Commission, including Bakvis and Smith (2002), Carty (2006), Carty and Young (2000), Meisel and Mendelsohn (2001) and Amyot (2007) have accepted the Commission’s definition of fairness. Bakvis and Smith (2002) for example state that fairness “*requires* that the uneven distribution of resources that is characteristic of a market society *not be directly imported* into the electoral arena” (2000, 134; italics added). This comment reveals the usually unstated ambivalence about the role of capitalism in liberal democracy. Amyot (2007, 509) more recently writes that, “We have seen how the modern form of capitalism ... has seriously undermined parties as sources of policy change.” However, Amyot assumes rather than demonstrates the causal relationship between capitalism, parties and policy change. By contrast, British

party finance scholar Pinto-Duschinsky recognizes the claim that competitiveness and fairness are not mutually exclusive. He offers an alternative interpretation, arguing that,

A party that attracts a large number of individual members or activists can be expected to raise and spend more money than a party that does not. If this is accepted, it follows that it is just and fair for a party to outspend its rivals, provided that its financial advantage derives from a large number of small donations and not from a small number of large ones. *In order to establish that a system of financing political parties is unfair, it is necessary to show not only that a party has more money than its opponents but also that its superiority reflects the wealth and not the number or the enthusiasm of its followers* (Pinto-Duschinsky 1981, 285 italics added).

Canadian scholars, with the exception of Palda (1995), have generally not considered, in their writing, the validity of this alternative, that is, that success in small-donor and small-donation fundraising may be indicative of talent, organizational superiority or ability to bridge social cleavages and attract an enthusiastic following—exactly the attributes attributed to Barack Obama and his organizers in the 2008 U.S. Presidential election. Obama’s spectacular fundraising ability has not been deemed ‘unfair’ despite the enormous advantage it conferred on him.

Only in certain court cases can a contrarian voice be found. Chief Justice McLaughlin as well as Justices Binnie and Major of the Supreme Court of Canada wrote a dissenting opinion in *Harper v. Canada*³ (*Harper*) maintaining that 1) that the Attorney General had failed to present evidence of the corrupting effect of wealth and this failure “lent credence to the argument that the legislation is an overreaction to a non-existent problem;” and 2) that no evidence had been provided to support the claim that “wealthy Canadians are posed to hijack this country’s election process” (*Harper* 2004, par 34). While the justices in the 2004 case do not refute the government’s intent to equalize the opportunities for meaningful expression, they voice skepticism of the claim that the

³ Canada. Supreme Court. *Harper v. Canada* (2004) 1 S.C.R. 827, 2004 SCC 33

existence of wealth differentials per se challenges equality and fairness in the electoral process.

Two other themes appear prominent in the Commission's studies and final report. The first is the continued push for further regulation of Canadian political parties and election activity so that they do not become like those in the U.S. "The value of examining the American experience lies in seeing the future, and in this case the future doesn't work."⁴ Although this was stated in a submission to the Commission, it is a fair characterization of the Commission's view of the U.S. campaign finance regime. Advocacy based on a determination to be different than parties, candidates and third parties in American elections remains prominent. Second, Hiebert (2006), for example, defends restrictions on third party spending on the basis of 'fairness' and critiques American third party activity when she writes that there is "more at stake than an unfettered right to advertise." Her work builds on that of the Commission. It recommended continued regulation and expenditure ceilings by candidates, parties and third parties. In contrast, however, it held that ceilings on contributions by individuals, businesses or unions would "run counter to our objective of strengthening the parties as primary political organizations" (Commission Vol. 1, 443). The Commission grounded its position in the existence of data that most business donations did not come from 'big business' but rather from small businesses and that most individual donations were under \$3000 (Commission 1991, Vol. 1, 436-438).

The claim for and the justification of regulation of parties via their finances, in order to 'strengthen them' (Commission vol. 1, 443) can be seen to have emerged from

⁴Thomas Axworthy, Executive Director of the Charles R. Bronfman Foundation. Royal Commission on Electoral Reform and Party Finance 1991-1992, Vol. 4.. 164.

the literature on party failure. ‘Failure of party’ theorists, while acknowledging the key role of parties in democracies, nevertheless argue that parties are ‘under-producing’ such public goods as recruitment of leadership, aggregation of public opinion, and voter education; political engagement and their ability to achieve substantive representation (Bashevkin 1989; 1993). The legitimation of state financing of parties and candidates—of any sort or of any scope—requires the redesignation of the outputs of parties as public goods, rather than as ‘positive externalities,’ that is, desirable outcomes from private activities. Public goods are goods or services essential to society but deemed to be under-produced by private actors; such goods are further characterized by the fact that consumption of such goods by one consumer does not reduce the quantity available to others.

Carty, for example, argues that parties “remain ... the underdeveloped institutions of a political elite” and that they have failed “to serve as the primary vehicle for public service,” while nevertheless acknowledging that Canadian political parties, operating in the liberal democratic tradition, have helped keep the country together, through their brokerage style politics (Carty 2002, 6; 10). This reframing of political party ‘outputs’ as ‘public’ rather than ‘private’ is crucial to the story of how campaign finance regulation has evolved in the late twentieth and into the early twenty-first century in Canada. Campaign finance rules have provided the means for regulating party and candidate competition in the name of fairness and of failure of parties. The Commission, for example, argued that leadership campaigns, a classic internal party affair (Carty, Cross and Young 2000, 152), needed to be regulated by the state. Cross, in a similar vein, writes that “candidate nomination is such an important part of Canadian democracy that it

cannot be justifiably viewed as an internal matter of interest to parties only. The second is that the parties either cannot or are not willing to effectively regulate these contests and ensure they are governed by generally acceptable democratic norms” (Cross 2006, 191).

Although the Reform Party and certain third-party actors challenged aspects of Canada’s campaign finance regime, only Palda raised a critique of Canadian campaign finance practices. Palda argued that Canadian limits on campaign expenditures deter the flow of “useful information between candidates and expenditures”; that “spending limits accompanied by a government subsidy to candidates is even worse because it releases [candidates] from their obligations to constituents;” that tax credits for political donations are coercive in the sense that non-contributors are forced to pay for “political movements in which they do not believe;” and finally, that restrictions on third party spending represent a threat to citizen equality in their free access to information (Palda 1995, 71-75). As he states, there are offsetting dangers in electoral contests: the actual or perceived influence from wealthy donors versus the less obvious harm to equality and freedom posed by campaign finance laws which may “appear more like procedural drudgery” yet nevertheless threaten equality and fairness in different ways (Palda 1995, 75).

Attention instead switched to study and rejection of the cartel model as either generally descriptive or explanatory of Canadian parties by scholars such as MacIvor (1996) and Young (1998). Despite the general wave of deregulation in public policy fields during the last two decades of the twentieth century (Scott 2006), no such move characterized the field of campaign finance although Canadian campaign finance practices were more strongly regulated than those of either the U.S. (La Raja 2008) or of other Westminster democracies, in particular, those of the U.K. (Fisher 2009). Carty,

Cross and Young in 2000 argued that owing to the deficiencies of Canadian parties, there was “bound to be a call for greater state involvement in regulation” (2000, 149-151).

Seidle (2011) concurs with Epstein (1986, 157) that parties are ‘public utilities’ because they provide “a service in which the public has a special interest to justify governmental regulatory control.” This, however, is a normative claim, omits consideration of whether regulatory control can be party-neutral and elides a crucial discussion of the historic strengths of Anglo-American parties rooted as they have been in the private sphere.

These examples demonstrate the significant role of Canadian scholars in specifying the ‘problem’ of campaign finance, in specifying possible policy alternatives and in the creation of a policy network, which for the most part, accepts more regulation of party and candidate activity and finances.

The new decade brought further regulation: in 2000, lowered ceiling on third party expenditures (\$150,000 nationwide); in 2004, tax-paid, vote-based subsidies to registered parties and contribution limits for businesses and unions; limits on personal donations; new regulations on leadership contest financing; enhanced tax-funded reimbursement of election expenditures; reporting and regulation of candidate and local party finances⁵; prohibition of all contributions by businesses and unions. These startling interventions have provoked significant empirical study by Sayers and Young (2004); Young, Sayers and Jansen (2007); Coletto (2000) and others on the effects of these pieces of legislation.

Sayers and Young (2004), for example identify the similarity of the 2004 subsidy to the Quebec model of ‘financement populaire’ (2004, 1) introduced in the 1960s. They also correctly predict trends that have been borne out in the 2006 and 2008 general elections. They argue that the Bloc Quebecois and Green Party will be the biggest

⁵ This is only a partial list of changes effected by the 2004 legislation.

beneficiaries of the subsidy; that the subsidy, paid quarterly, may result in more minority elections due to the declining need for parties to seek out funds from its citizens; that the regulations will have “profound implications for the conduct of elections and the nature of party organization in Canada; and overall, will “strengthen the sense of political parties as public electoral utilities” (Sayers and Young 2004, 8; 5).

Young, Sayers and Jansen, in 2007, find that the “smaller parties that are the most heavily reliant on public funds, lending some credence to the cartel argument” but fault parties for their failure to “take on a more prominent role in policy development, mobilization of citizens, or public education with their new funds” (2007, 352). Indeed, Cross and Young term Canadian political parties “empty vessels” in 2006, for failing both to establish “vigorous party-policy foundations” (found in German tax-subsidized parties) and to “address concerns of voters about lack of a meaningful role for them” (2006, 24). These authors argue that because of the tax-paid subsidy, parties should be required to do more internal policy development; they also advocate for an enlarged subsidy (Cross and Young 2006, 24-25).

Young, in evaluating the effects of the subsidy according to three democratic audit criteria, participation, inclusiveness and responsiveness, finds that,

It is difficult to argue that reforms to Canadian political finance law have made significant positive contributions to rates of participation, degrees of inclusion or parties’ responsiveness to the electorate...On the other hand, there is little evidence that the reforms have been damaging... (Young forthcoming, 28).

Despite the absence of positive results, she remains optimistic, however, in drawing attention to other potential outcomes of campaign finance change, including the possibility of “increasing public confidence” (forthcoming, 28).

It is on many of these points that she raises, that the practice of the Canadian literature departs so significantly from its counterparts in the U.S., the U.K., and the comparative literature. Although the non-Canadian literature is not slack in its sharp critiques of political parties, there is nevertheless an attempt to assign some responsibility for lack of political engagement not only to parties but also to the electorate. Where the Canadian literature has called for institutional reforms to address social democratic concerns such as lack of engagement, McHugh (2006) of the U.K. argues that indication of voter cynicism and dislike of parties may be due to the fact that citizens “want to be heard, but don’t want to act.” Where Cross and Young (2006) see parties as failing to engage voters, despite the subsidy offered since 2004, Parvin and McHugh (2005, 641) interpret the same data but suggest that political parties “have seen their powers eroded and their status undermined.” In contrast to Cross and Young’s desire for ideologically-focused parties as an avenue for greater engagement, Parvin and McHugh suggest that “it is entirely coherent and acceptable to pick and choose those political issues that one cares about, and to hold views on them which are similar to all, some, or none of main political parties at any one time (2005, 650). U.K. authors are also more likely to acknowledge that regulation may not represent a panacea. Pattie and Johnston (2007, 265) acknowledge that “public disquiet continues” despite the fact that “British parties now operate under greater regulation than at any time in the past.” The U.S. literature has evidenced far more internal debate on the claims made for increasingly interventionist campaign finance reforms; see for example Hohenstein (2007) and La Raja (2008). Similarly, authors as Samples (2006) and Smith (2009) argue the benefits of freer

partisan spending, in contrast to those such as Malbin (2009) who argue for tighter controls.

While parties are of course not faultless in the debates about democratic practices and the ‘democratic deficit,’ nevertheless the Canadian literature has subsumed party deficiencies within a larger narrative that requires political parties to be more regulated through campaign finance legislation and practice. Although Young is reluctant to withdraw her support of current levels of campaign finance, she unlike many others, explicitly identifies the normative criteria underlying the argument that campaign finance regulation continues to be necessary. She writes that continued employment of campaign finance laws in Canada “*requires* that we consider party and election finance laws as being integral to the construction of democracy” (forthcoming, 1; italics added). Hers is a refreshing admission and reminder that models of campaign finance cannot be divorced from democratic theory.

Massicotte too offers a frank critique of the much-cited Quebec model of finance (2006) introduced by the Parti Quebecois in 1977, a model which was characterized by tax-paid subsidies to parties, tax credits for contributions and prohibition of third party spending (until 1998) and has served as the exemplar for much of Canada’s federal-level campaign finance legislation. Massicotte examines shifts in donor and donation patterns, vibrancy of party competition (measured by parties contending elections and their vote shares) and evidence of scandal reduction. He finds, however, that despite the praise given to the Quebec model, there is room for considerable doubt as to the success of the project. As he writes, “routine praise ... has not been matched by systematic and critical study of how the law actually worked” (2006, 177); that the law has paradoxically

“camouflaged group contributions rather than eliminated them” (2006, 175); that there is evidence that the “law has been circumvented on a large scale” (2006, 176); and that parties have become more dependent on subsidies and on larger donations from fewer individuals (2006, 173). Finally, and most damningly, the Chief Electoral Officer of Quebec in 1999 “called the system a failure and suggest[ed] that corporations be allowed to contribute to parties” (2006, 177). Massicotte suggests that rather than a model for the rest of Canada, the Quebec model was adopted because of the particular nature of the Parti Quebecois which enacted the policy largely for partisan reasons and which made campaign finance “virtue of a necessity” (2006, 161). In registering this critique, Massicotte guards against the too-frequent supposition that tax-funded party subsidies are either a bulwark against improper behavior on the part of electors, candidates or parties or necessarily represent a more neutral solution than civil society funding.

Elsewhere, the literature also demonstrates a turn toward more empiricism and toward more comparative institutionalism. MacIvor (2005, 39) argues that the efficacy of a regime, not unsurprisingly, is tied to vigorous enforcement but she also cautions against “excessive regulation [which] can do more harm than good.” Coletto’s work (2008) also demonstrates a corrective in that he specifically takes account of comparative institutional factors in his study of candidate quality and fundraising. He finds, for example, that candidates for federal office in Canada are more circumscribed in their fundraising appeals and effectiveness than their American counterparts (2008, 18). Legal and constitutional scholars such as Feasby (2006), Manfredi and Rush (2008) have introduced new perspectives also, examining decisions of the Supreme Court of Canada

in cases regarding party law and campaign finance law, while Small (2009) addresses current regulatory law in an age of digital campaigns.

Conclusions

Paltiel early argued that the “study of money in politics necessarily probes the organization of society in its relationship to the functions and actions of government” (Paltiel 1966, 3). Advocates of institutional reform as a partial or complete antidote to the democratic ‘deficit’ view the use of campaign finance regulation and public tax-paid subsidies as a necessity in the evolution of parties and useful in introducing a hypothesized ‘neutrality’ into national party finance vis-à-vis dependency on civil society monetary contributions. However, Alexander (2005) writes that no institutional change is neutral; second, as Olsen (1965, 173) suggests, an “increase in collective goods and externalities can add to the amount of divisiveness and conflict in a society.”

Canadian scholarship in the field of campaign finance emerged early and employed innovative methods. However, Hopkin’s critique of the literature in general, that it is too disconnected from democratic theory, nevertheless can be seen as a generally correct assessment of the Canadian literature also. Young’s work in particular stands out as stating clearly the normative and democratic assumptions required to sustain support of the current campaign finance regime. As well, despite its commendable use of comparative references, much of the Canadian scholarship demonstrates an over-reliance on the German and Quebec models with relatively little acknowledgement—until recently—of either their institutional settings or indeed, incidents of failure. In line with this, the literature has demonstrated a preference for law-based accountability for parties

rather than a network-based accountability structure as practiced in other Westminster democracies.

Therein lie the challenges for future research in the field. Greater contextualization of research can lead to fewer valid generalizations. Nevertheless, one lesson that can be gleaned is that too little contextualization and acknowledgement of cultural and institutional variation may also lead to advocacy for policies that may be ill-suited in a particular setting or across all regions of a nation with as many differences as Canada. In light of Hopkin's argument (2004), future Canadian scholarship can make a significant contribution via the continuing use of evidence-based analysis and by making more explicit the links between 'outcomes' considered and the theories of democracy and of parties with which they are most consonant. If this objective is realized, Canadian scholarship will bridge disciplinary gaps since campaign finance too often has been a "separate epistemology" (Sorauf 1991, 23) and relatively inaccessible to scholars in other fields.

Second, despite the significant work on civil society undertaken in the past two decades, campaign finance scholarship has scarcely adapted or incorporated a concern for civil society consequences of shifts in regulation and reporting. Yet to be addressed, for example, is the impact of preferential tax treatment for political contributions versus charitable contributions. More generally, if, as Barber (1984), a strong advocate for participatory democracy, argued, "Strong democracy is consonant with—indeed it depends upon—the politics of conflict, the sociology of pluralism, and the separation of private and public realms of action," then careful analysis into the role of campaign finance regulation is required. The Canadian literature has yet to address how current

definitions of election 'expenditure' may have to be recast in light of internet campaigning and blogging. Last, we need to be cautious in our advocacy, recognizing that "elections are instruments of choice and that the electorate remains free to produce outcomes with which, in our wisdom, we might disagree" (Massicotte 2005, 188).

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