

UK Campaign Finance Law

- Since 1883 legislation in UK regulating campaign financing
- Each party is limited to an amount of 18.8 million £ expenditure before a campaign
- BUT: no limit to the amount of donations a party may receive

Main Sources Of Funding

- Major differences between the parties

Conservative Party

- heavily rely on business donations (e.g. from companies)
- private donations

Labour Party

- trade unions
- members applications
- small donations
- „1000 club“
- commercial activities

Liberal Democrats

- relatively small income
- mostly donations and subscriptions

- some parties have a single benefactor (e.g. UK Independence Party with James Goldsmith giving 20 million £ to run the campaign)

State Funding

- opposition parties receive money from the state in order to pay for administration and other costs
- by that the state hopes to achieve better chances for the opposition party in order to strengthen the democracy in Britain

Sources:

http://news.bbc.co.uk/2/hi/uk_news/politics/4827250.stm

http://news.bbc.co.uk/2/hi/uk_news/politics/6065322.stm

http://www.nytimes.com/2015/05/05/world/europe/britains-campaign-finance-laws-leave-parties-with-idle-money.html?_r=1

<http://www.loc.gov/law/help/campaign-finance/uk.php>

http://www.tutor2u.net/politics/content/topics/political_parties/party_funding.htm

Representation of the People Act 1983 (RPA)

General information:

- Among other things the Act regulates how political parties and people have to act before and during an election
- Sections 72 to 90 of the RPA regulate the total election expenses
- During the time limit of the election, all money spent on the promotion of a candidate must be authorized by his election agent.
 - for example: the cost of holding public meetings, organizing public displays, issuing advertisements, circulars (no travel expenses)
 - limit is 100.000 pound for a parliamentary by-election (Nachwahl), but its ca. 5.843 plus either 6.2p or 4.6p for every registered voter in the district¹

Limits:

- They are set through secondary legislation by the Secretary of State
 - Apply for expenses that are incurred from the point that the parliament is dissolved, cause then an individual typically becomes an electoral candidate
- There aren't any limits on donations, but some restrictions
- Furthermore candidates have to submit a return detailing their campaign expenses to the electoral commission

Indirect funding:

- Political parties receive a certain amount of broadcasting time on national television and radio free of charge²

Bowman v United Kingdom³:

¹ https://en.wikipedia.org/wiki/Representation_of_the_People_Act_1983

² http://www.loc.gov/law/help/campaign-finance/uk.php#_ftnref27

³ [http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-58134#{„itemid":\["001-58134"\]}](http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-58134#{„itemid)

- Section 75 of the RPA doesn't allow to spend more than 5 pounds on publications aiming to promote a candidate six weeks before an election, without authorization
- Phyllis Bowman did this by distributing 25000 leaflets of an anti-abortion campaign by using the position of three candidates on abortion and she was prosecuted
- She went to the European Court of Human Right, cause she thought she was harmed in her freedom of expression (ECHR, article 10)
 - fourteen out of twenty judges said that it's a violation
 - the RPA tried to protect the candidate's and the elecorate's rights, but by doing that it undermined the freedom of expression
- Quotation

42. Free elections and freedom of expression, particularly freedom of political debate, together form the bedrock of any democratic system. The two rights are interrelated and operate to reinforce each other: for example, as the court has observed in the past, freedom of expression is one of the 'conditions' necessary to 'ensure the free expression of the opinion of the people in the choice of the legislature'. For this reason, it is particularly important in the period preceding an election that opinions and information of all kinds are permitted to circulate freely.⁴

⁴ https://en.wikipedia.org/wiki/Bowman_v_United_Kingdom

Political Parties, Elections and Referendums Act 2000 (PPERA)

- Act of the British Parliament
- Regulates donations to registered parties and their members **with special regard to political parties**
- „An Act (...) to make provision about the registration and finances of political parties“ as it is said at the beginning of the act

Financing of Political Parties

- Political parties may publish their campaign expenditure one year before the general election
 - ➔ Generally unknown until a few weeks before
 - ➔ Strict records of all receipts and expenditures must be submitted to the Electoral Commission **at least once a year to make the situation compatible with PERA**
- Act defines “Campaign expenditure” as “political broadcasts, advertising, unsolicited material to electors, (...) policy documents, (...) canvassing, media/publicity, transport, (...) or other events” (Schedule 8 Part 1 of PERA)

Donations to Political Parties

- **No limits for donations that parties may receive**
- HOWEVER: laws that govern who may be a donor and Limits on how much parties may spend on campaign expenditure
 - ➔ **Transparency**
- **Donations** under PERA: **everything with a value over £500**
 - ➔ Details must be recorded:
 - The donor’s name and address
 - If the donor is a company, its registered company number
 - The amount and the value of the donation
 - The date on which the donations was received
 - The date on which the donation was accepted
- PERA defines donation as **gifts of money and property, sponsorship, services or facilities, lending of money other than at commercial rates**
- PERA defines donors as **UK residents, which are registered on a UK electoral register, UK political parties, UK companies, UK trade unions, etc.**
- Parties must not accept donations above £500 **from foreign donors**

➔ The political party must return donation to the donor or to the Electoral Commission (if the donor is not identifiable)

- Parties must report:
 - All impermissible donations
 - All permissible donations over £7.500
 - All permissible donations that add up to over £7.500 from the same source in the same calendar year
 - All permissible donations and loans that are over £1.500 and come from a source that you have already reported in the same calendar year

Consequences of Violation

Penalty	Likely use
<u>No sanction</u> , only an advice on good practice to encourage future compliance	When the breach is clearly trivial or when there is a public interest reason to take no action
<u>£200 fine</u>	Breach is a first instance of low level non-compliance; potential for a repeat breach; late delivery of a statutory report
<u>£250-£20.000 fine</u>	More serious breach or repeat breach
<u>Compliance notice</u> which is setting out actions that should be taken	When the organization or individual must improve its capacity to comply (e.g. training staff, changing its systems)
<u>Restoration notice</u> which is setting out actions that must be taken	When an organization or individual must make good a breach e.g. by giving up benefits received as a result of the breach
<u>Stop notice</u> , which prohibits the organization or individual from carrying on or beginning a specified activity until the steps set out in the notice are met	When an organization or person is carrying out or is likely to carry out an activity which will breach the law
<u>Forfeiture</u> of an amount of money equal to the value of a donation an organization or individual has accepted from an impermissible donor	When an organization or individual accepted a donation of more than £500 from an impermissible or unidentifiable donor

Sources

http://www.legislation.gov.uk/ukpga/2000/41/pdfs/ukpga_20000041_en.pdf

<http://www.loc.gov./law/help/campaign-finance/uk.php>

http://www.electoralcommission.org.uk/_data/assets/pdf_file/0014/102263/to-donations-rp.pdf

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/243604/0117037184.pdf

http://www.electoralcommission.org.uk/_data/assets/pdf_file/0003/106743/Enforcement-Policy-30March11.pdf

http://www.elections.ca/res/eim/article_search/article.asp?id=76&lang=e&frmPageSize