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A sensible approach to party funding [1]

Written by **Alex J. Williams** [2] | Friday 30 November 2007

The party funding scandal that has engulfed the government will undoubtedly be used as an excuse for more regulation and more state funding of political parties. This is a mistake. The Labour Party is in trouble precisely because it has broken existing laws and been found out, not because there was not enough regulation to guide their conduct.

Indeed, what this new scandal should show us is that placing restrictions on party funding doesn't really work. More regulation does not produce better ethics, just as more state funding would not reduce political corruption ? it would just make the taxpayer foot the bill.

In any case, British politics is not an industry awash with money, and all parties are under pressure to make ends meet. So why not go for a more straightforward approach and say: ?Let them get it where they can?. The role of the law should limited to insisting on transparency.

The usual argument posed against this approach is that it would enable a few rich people to dictate the policy agenda. But political parties are ultimately driven by a desire to win power, and thus it is the will of the people that dictates policy (for better or worse). A rich man?s money is no good if it is conditional on the implementation of a programme no one wants to vote for.

It is also generally unfair to ascribe sinister motives to party donors. Like most people in politics their desire is to make the world a better place (as they see it), rather than to pursue a purely instrumental agenda. And when 'influence' is sought, it usually only takes the form of after dinner speeches or informal 'face time' with politicians.

Ultimately, if we try to regulate the finances of political parties, we are only setting ourselves up for disappointment. Letting the market do its thing is the only sensible way forward.

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