

[What they're really doing with the limitations on political party funding](#) [1]

Written by [Tim Worstall](#) [2] | Monday 7 October 2013

There is, as we all know, a move afoot to try and ban the spending of large sums of private money on the pursuit of politics. Specifically, on the donation of large sums of money to a political party. We will then be forced to cough up for the politicos through our tax bills rather than in a voluntary manner by our donations. This, in itself, is good enough reason to condemn the proposals.

But Don Boudreaux points out what makes it all very much worse. It isn't just about making, say, Labour less beholden to the unions. It's about creating [a cartel](#) [3]:

If executives for profitable and established companies such as Apple and Wal-Mart persuaded Congress to cap the amounts that banks, venture capitalists, rich uncles, and other financiers may invest in private firms, including upstarts, this restriction would be widely seen as an anti-competitive and unjust scheme to stymie economic competition. New rivals would be disproportionately bridled in acquiring the means ? money ? to buy the inputs necessary for competing successfully against incumbent firms.

This is what is being proposed here in the UK. Instead of people deciding they might want to give some money to a politician or political party they'd like to support the money will be doled out from the State. One the basis of previous election support, obviously. Meaning that there's a very large barrier put in place against the rise of a new political party.

It is, quite simply, the creation of a cartel.

One other point that Boudreaux alludes to. Let's say you're a staunch Labour guy and you're outraged by the way that the Big Business money flows to the Tories. The way to stop this is to change the incentives for Big Business. Strip the government, the State, of the ability to create rent seeking opportunities and no business would ever bother to buy a politician. For the politician wouldn't be able to create that super-profit for the business in return.

Or as I would put the solution. Don't stop people from buying politics, stop them from being interested in purchasing politics.

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