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House of Lords,
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Sir Alistair Graham
Chairman
Committee on Standards in Public Life
35 Great Smith Street
London SW1P 3BQ

2 October 2006

Dear Sir Alistair

I believe as part of your Committee's current review of the Electoral Commission you are looking into the issue of funding of political parties. I wanted to write as an independent social democrat Crossbench Peer. I have consulted with various people who were in the SDP and I hope, therefore, I can speak for a significant section of people who have lived through the problems of raising money *de novo* to fund a new political party and to fight two General Elections fielding candidates in approximately half of the constituencies in England, Scotland and Wales.

Where does this new pressure come from for providing state funding for political party campaigning outside Parliament? The sudden re-emergence of all party political support for this concept seems to rest on them all sensing they are running out of money. Yet I notice they justify their case by saying that it is the best way of preventing political corruption. Experience of state funding in Germany, for example, has not prevented politicians from getting enmeshed in secret slush funds. I hope you look at Chancellor Kohl's case and the alleged involvement of President Mitterrand through a French company purchasing a refinery in Germany and in the process interfering in another country's election. This is now all documented. I hope you will look at other instances of the abuse of state funding in other countries and set this evidence before the people of the UK. I am sure you will not allow the present enquiry to become a vehicle for a cosy arrangement between the three major parties.

There are two distinct elements to state funding.

1. The State funding of Opposition parties in Parliament. This, I see, as being absolutely essential. Without it all Opposition parties would have even less chance of mounting effective challenges to the Government of the day. In that sense state funding is crucial to the proper functioning of Parliament and the democratic process and offsets the payment of Special Advisers in Government and the use of the government machine by the party in power.

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2. The State funding of political parties outside Parliament. I do not believe, in a healthy democracy, that the State has any role in funding propaganda or information about political parties' policies outside Parliament. The EU Commission funding the European Parliament should not be taken as a precedent for national State funding.

Rightly, in my view, existing legislation stops TV advertising distorting national politics. I believe there is merit now in considering a similar ban on all political advertising in newspapers. In the breakdown of campaign spending by political parties in 2005 I see the Conservative Party spent 46%, Labour 29% and the Liberal Democrats 37% on advertising. If newspaper advertising and/or billboard advertising is to continue, then it should be paid for through a political party's own funds.

As to the proposal to cap individual contributions to justify an extension of state funding on parties, the SDP experience of a political movement resulting from strongly held public sentiments arising in mid term is relevant. A cap on individual donations would have been very damaging, indeed crippling. I am not convinced about capping donations. It would have to apply to trade union and company donations. It smacks of bureaucratic interference. Capping constituency expenditure at elections is sensible but the totals, particularly for by-elections, are too low and all parties are breaking the limits in by-elections.

If there is to be state funding it must apply to new parties. By-elections do not offer a way forward, simply because no one can predict whether a sufficient number will occur to obtain a gauge. Local elections involve comparatively low turnouts and are often influenced by purely local issues and may not provide a national gauge. That leaves only public opinion polls – imperfect as they undoubtedly are – as a mechanism for judging the entitlement nationally of a newly emerging party. I would accept 5% as being a reasonable qualifying hurdle to overcome. If that enables the BNP or UKIP to qualify, so what? If they have that degree of public support, they must surely, in a democracy, be entitled to the resulting benefits. All political parties, depending on the number of constituencies they are fighting and their percentage standing in the polls over a period of perhaps six months or a year before an election, should qualify.

If there is ever to be any move towards state funding, it should be based on the principle that every taxpayer should be asked to tick a box on their tax return to indicate which, if any, party or parties they wish to see receiving a donation set between certain limits. I suggest £20-£200, this being matched by additional public funds. This could provide at least some democratic basis to the system. Up to a limit of, say, £4,000 any donation could be exempted from tax.

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There now seems to be a general acceptance that the electorate's view of politics and politicians, never exactly high, has reached worrying depths. This is partly due to MPs granting themselves pensions quite out of keeping with the experience of most of those whom they represent. To add to this now the use of public funds provided by hard pressed taxpayers to pay for the sort of puerile and negative TV, press, and poster advertising seen in recent election campaigns will simply reinforce public cynicism about the whole political process. The sight of the three main parties getting together to feather their own nests at the expense of the public, with no prior approval from the electorate at a General Election, will create further disillusionment.

I am writing in similar terms to Sir Hayden Phillips and the Constitutional Affairs Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Owen". The signature is stylized and written in a cursive hand.

DAVID OWEN