

# POLITICAL PARTIES, MONEY, AND PUBLIC POLICY

Stephen LeDrew



In the wake of the sponsorship scandal, Jean Chrétien became a late convert to campaign finance reform and in 2003, his final year in office, pushed through Bill C-24, which limits corporate donations to local riding associations to \$1,000, and sets a ceiling of \$5,000 per year on individual donations to the federal parties. The same rules apply to leadership campaigns. In return for forsaking corporate and union donations, federal parties are now generously funded by the chief electoral officer, at \$1.75 per year for each vote received in the previous election. Stephen LeDrew, president of the Liberal Party of Canada at the time of C-24's adoption, strongly opposed it then and opposes it now, writing that "what was touted to be simple and honest has resulted in legislation that is too complex for comprehension and susceptible to deception, thereby obviating its avowed purpose."

Dans la foulée du scandale des commandites, Jean Chrétien s'est tardivement convaincu de réformer le financement de partis politiques, faisant voter à la hâte en 2003 — sa dernière année au pouvoir — le projet de loi C-24 limitant à 1 000 \$ les dons de sociétés aux associations locales et à 5 000 \$ annuellement les dons de particuliers aux partis fédéraux. Des règles qui s'appliquent également aux campagnes à la direction des partis. Pour combler cette perte en dons de sociétés, les partis sont maintenant généreusement financés par le directeur général des élections à raison de \$1,75 par année et par vote obtenu au scrutin précédent. Président du Parti libéral du Canada au moment de l'adoption du projet de loi, Stephen LeDrew s'y était vivement opposé et s'y oppose toujours. « Sous prétexte de simplicité et d'honnêteté, on a conçu une loi trop complexe et susceptible d'être contournée, en contradiction flagrante avec son objectif déclaré ».

**I**n the dying days of Jean Chrétien's prime minister-ship, after he had long announced that he was going to retire, he pushed Bill C-24 through the House to radically change the financing of political parties and elections in Canada. Ostensibly it was to clean up the impression that corporations had too much influence on politics in Canada, but many speculate that, instead, this thrust was an attempt to cleanse Chrétien from the scandal of Shawinigate, from his campaign to discredit the former president of the Federal Business Development Bank, and from what he may have known was coming in Adscam.

But let's put aside the insincere motives behind Bill C-24 and examine what it has done so far for politics in Canada. In my view, Chrétien's initiative has pushed real reforms backward, and made party financing in Canada a dog's breakfast that only the cognoscenti understand. What was touted to be simple and honest has resulted in legislation that is too complex for comprehension and susceptible

to deception, thereby obviating its avowed purpose. As every student of human nature realizes (and every student of criminal law knows), if someone wants to thwart the law, they will find a way to do so. Some would argue that when the law makes demands that are unreasonable (such as a cumulative corporate limit of \$1,000 to riding associations), it does nothing more than drive donations underground, thereby defeating the purpose of the legislation, breeding greater cynicism.

**Y**ears before Bill C-24 made it illegal to accept unreceipted donations, it had been the policy of the Liberal Party of Canada that all donations should be receipted, and by the very fact of receipting, the donations would be made public in the annual disclosure. It has been a hallmark of the Liberal Party of Canada that the source of the financing of party operations should be available to the public. Indeed, no one should argue with the disclosure initiative of C-24.

So where does C-24 leave the citizen who thirsts for accountability and integrity in politics? In a worse position than before. But the very fact that we have had the Gomery Commission, which has the unbridled authority to find whatever conclusions it deems supportable, perhaps leading to further investigations and criminal charges afterwards, can give one solace that it will be quite some time again before politicians commit acts such as those that occurred under the Chrétien administration. Political scandals are not new, but when they occur, examples must be made of the perpetrators to show that it is risky business to take any chances. That has been the lesson of political malfeasance since the beginning of politics — catch the buggers while they are in office and throw them out, and if they leave office before the facts are out, let them know that they should hang their heads in shame.

As to what often has been called the mother's milk of politics — cash — we just may be gravitating towards a system where all but the most perfunctory sums must be traceable, i.e., credit cards or cheques or money orders or the like, because cash is simply too sinful a commodity to be permitted in the political world. Norman Inkster, former commissioner of the RCMP and now president of the Inkster Group, a sophisticated international security firm, maintains *pecunia non olet* — money is odourless. Now, some may argue that filthy lucre has, in fact, a rather high odour, which is what causes all the problems, but it *is* odourless in the sense that it is difficult, if not impossible, to be traced, and perhaps it should just be banned altogether as a means of donating to political parties, so that all contributions are by cheque or credit card, and thereby traceable. It is fundamental that voters have the right to know who is supporting whom.

Of course, another question that rears its head when one discusses the history of Bill C-24 is that of political leaders who have become so arrogant



Peter Bregg, Maclean's

Jean Chrétien pushed Bill C-24 on funding political parties through the House of Commons in 2003, his last year in office. The resulting legislation changes the landscape of campaign finance, but doesn't improve it, writes former Liberal Party president Stephen LeDrew.

that they have, as Chrétien himself put it referring to himself, "absolute power." Chrétien was so intoxicated by his absolute power in the third term that he referred to it at McMaster University this year, saying that his third term of office was his best. This is

because he had been there for so long that his power was virtually absolute. When caucus members wanted to have a thoughtful consideration of Bill C-24, he threatened an election, and many members of Parliament knew that with Chrétien at the helm they would lose

their seats, so they couldn't force the issue. As for the party, Chrétien largely ignored its wishes on this bill, and since the party had already convened the convention to name his successor, it had no other leverage to cause changes to C-24. While we were stuck with C-24, the party system did finally work because Chrétien, back in 2002, was forced to either face a confidence vote of the members of the Liberal Party at a convention, or resign. And in the face of what would have been an embarrassing lack of support, he quit, though he then took 16 months to leave, the longest lame-duck period of government in Canadian history. So accountability is key, and it must be achieved at both the party and the parliamentary level in order to provide a workable system of checks and balances.

Much has been written in the last few years about the need for greater accountability in governance of business corporations, and there have been suggestions (mostly from malcontents who have been bested in political battle) that political parties need to apply some of those lessons to themselves. To suggest so is to ignore the facts — that political parties in Canada, and the Liberal Party of Canada in particular, are as transparent and accountable organizations as one could ever encounter. Donations are public; they are published. The election of officers of the party is open and democratic, with fully scrutineered balloting. Indeed, aside from a very few individuals who held party positions at the provincial level and became involved in the affairs uncovered by Gomery, most of the individuals named in the hearings were not members of the party but acting on their own, and not in concert with either the Liberal Party of Canada or the Liberal Party of Canada in Quebec.

The bottom line is that while the

political party system is generally in a healthy state in Canada, and constantly evolving to satisfy the needs of parliamentary government and democracy, Bill C-24 will bring about more substantive changes to the party system than anyone ever contemplated. Just this past summer, in the second-quarter returns filed with Elections Canada, it was revealed that the Conservative Party had raised more than three times the amount of money the Liberal Party had raised in the same period, from approximately 46,000 donors as opposed to 8,500 donors for the Liberals. Of

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course, opposition parties traditionally raise more small donations from a greater number of people, as witnessed by the contributions to the Liberal Party of Canada in the 1990s before the election that swept the Conservatives from office in 1993.

What we are also seeing is the fact that the Reform/Alliance wing of the Conservative Party has a far more rigorous grass-roots fundraising base than does the Liberal Party. Again, this existed prior to Bill C-24, but Bill C-24 has forced the Liberal Party, and indeed

the NDP, to shift the emphasis from donations from corporations and large associations (like unions) to individuals. The impact of this on voting patterns is not yet known, but a by-product of more focused, far-reaching fundraising campaigns could just be greater citizen participation, thereby improving voter turnout.

Aside from changing the fundraising practices of the established parties, Bill C-24, with its cash-per-vote policy, is changing the "party" system by allowing parties with no representatives in the House of Commons to receive taxpayer funding. Parliamentarians and party activists had no time, prior to House of Commons passage, to consider the changes this would bring about, so instead Canadians will be treated to the wild and woolly spectacle of the transformation of party politics in Canada to something that is as yet unknown, and certainly un contemplated. However, just as a primer for thinking about these unknowns, ask yourself this question: Is it good public policy for a political party that does not have a single seat in the Parliament of Canada to receive millions of dollars in government funding? Or how about this — is it good public policy for the taxpayers of Canada to finance a regional party — to the tune of \$2.3 million a year — dedicated to the destruction of Canada? That is the case under C-24. The Bloc Québécois, like the other parties in the House, receives \$1.75 per year from the Chief Electoral Officer for every vote it won in the previous election.

The ramifications of Bill C-24 will be unfolding for years. Watch for them.

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