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Democracy Index Scores & Political Finance Regulations

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Democracy Index Scores
&
Political Finance Regulations

SUBMITTED TO

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AND

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Chapter 1: Introduction

Are political finance regulations supportive or counterproductive to achieving democratic ideals? Do they foster political pluralism and fight corruption? Do they infringe upon political rights like freedom of speech? If they infringe upon rights while fighting corruption, what is the lesser evil? There are so many questions that fuel the debate on political finance regulation. Scholars rarely, if ever, arrive at a consensus in answering any of them. There are many studies that look for relationships between regulations and specific variables in individual countries, but seldom have scholars searched for relationships between regulations and broad measurements of democracy like index scores. This study discovers that positive relationships do exist between index scores and regulations even if they do not reach a meaningful degree of statistical significance in most cases.

1.1 Hypothesis and Aims

This study investigates relationships between political finance regulations and measurements of democracy. The definition of a political finance regulation in this context encompasses all bans, restrictions, limits, and provisions that control the exchange of currency when the exchange involves political parties, candidates, or advocacy groups. The index scores used to measure democracy are provided by the Economist Intelligence Unit's (EIU's) *Democracy Index 2012*, Transparency International's *Corruption Perceptions Index 2012* (*CPI 2012*), and Freedom House's *Freedom in the World 2012*.[1] EIU's *Democracy Index* is "by far the most sensitive" democracy index. Transparency International's *CPI* is one of the most commonly used measurements of corruption.[2] Freedom House's *Freedom in the World* index is one of the

[1] *Democracy Index 2012: Democracy Is at a Standstill,* report, (London: Economist Intelligence Unit Limited, 2013). The Economist Intelligence Unit rates governments based on sixty indicators that are divided into five scoring categories: electoral process and pluralism, civil liberties, the functioning of government, political participation, and political culture. Each category is rated on a scale of 0-10. A high score indicates a high level of democracy. The EIU Overall score is the average of the five scores. In order to assign scores to countries for each of the sixty indicators, the Economist Intelligence Units features experts' assessments, public opinion surveys, and participation and voter turnout data; *Freedom in the World 2012,* Freedom House, 2012. Freedom House's *Freedom in the World* survey measures freedom according to two categories: political rights and civil liberties. It rates the rights of individuals living within countries using 25 questions, operating "from the assumption that freedom for all peoples is best achieved in liberal democratic societies." The survey is made up of analytical reports, expert opinions, and numerical scores. It provides an overview of the degree of freedom in each country and a numerical score from 1-7. A low score indicates a high level of freedom; *Corruption Perceptions Index 2012,* Transparency International, 2012. The index rates countries on a scale of 0-100 based on their perceived levels of corruption in the public sector. A high score indicates high perception of corruption. The index aggregates data from several sources, averaging results from at least three standardized data sources for each country.
[2] Daniel Treisman, "What Have We Learned About the Causes of Corruption from Ten Years of Cross-National Empirical Research?," *Annual Review of Political Science* 10, no. 1 (2007): 213, doi:10.081205.095418; "Measuring the Immeasurable: Boundaries and Functions of (Macro) Corruption Indices," in *Measuring Corruption*, ed. Charles J. G. Sampford, by Frederik Galtung (Ashgate Publishing, 2006), 106.

two most commonly cited democracy indices.[3] No index exists that is definitively considered the authoritative measurement of democracy.[4]

The study employs two methods of comparison in searching for relationships between index scores and political finance regulations. The objective of the first method of comparison is to find correlations between index scores and the overall number of regulations in countries. The question driving the first method of comparison is, “Do countries with more regulations generally achieve better index scores?” I hypothesize that there will be a positive correlation between index scores and the overall number of regulations in countries. My findings demonstrate positive correlations between scores from all three indices and the overall number of regulations in countries, but none of these correlations reach a meaningful degree of statistical significance.

The objective of the second method of comparison is to find relationships between index scores and specific regulations. I use the second method of comparison to evaluate relationships between index scores and six individual regulations. The question inspiring each comparison is, “Do countries with (specified political finance law) generally achieve better index scores than countries without the law?” I hypothesize that for all six regulations countries that have the regulation in question will achieve higher EIU Overall scores on average than countries that do not. I find the difference in index scores to be statistically significant in only two of the six comparisons. The two statistically significant relationships occur between: 1) index scores and the use public funding, and

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[3] Daniel Pemstein, Stephen A. Meserve, and James Melton, "Democratic Compromise: A Latent Variable Analysis of Ten Measures of Regime Type," *Political Analysis* 18, no. 4 (2010): 444, accessed November 21, 2013, doi:10.1093/pan/mpq020.
[4] Michael Coppedge and John Gerring, "Conceptualizing and Measuring Democracy: A New Approach," *Perspectives on Politics* 9, no. 2 (June 2011): 248, 258, accessed November 15, 2013, doi:10.1017/S1537592711000880.

2) index scores and the employment of institutions responsible for examining financial reports and/or investigating violations.

The first method of comparison is presented in full in Section 1.5. The rest of the study relies upon the second method of comparison. In Section 1.6, I underline the importance of mechanisms of implementation. The second chapter covers two laws that regulate contributions to candidates: Section 2.1 is about bans on corporate donations to candidates and Section 2.2 is about limits on the amount contributors can give to candidates. The third chapter evaluates three different provisions within the scope of public funding: Section 3.1 is about direct public funding for political parties and Section 3.2 cover both free or subsidized access to media for *political parties* and free or subsidized access to media for *candidates*. In analyzing each regulation I report the significance of the statistical findings and provide case studies of actual implementation.

1.2 A Similar Study

International IDEA's *Political Finance Database* provides comparative information on political finance regulations used in 180 countries.[5] This database supplies the questions and answers that I employ to determine the regulations used in each country. International IDEA published a report similar to mine that studies relationships between index scores and political finance regulations. International IDEA's study uses index scores from Freedom House's *Freedom in the World* and Transparency

[5] *Political Finance Database*, International IDEA, 2012. The online database provides questions and responses to a series of 43 questions about various campaign finance regulations in 180 countries. It provides references to specific statutes, reports, and professional analyses. Experts review the information to verify the answers.

International's *Corruption Perceptions Index*, but ignores EIU's *Democracy Index 2012*. International IDEA's report determines that although "the regulations in the database (more precisely the 30 studied in this section) are more common in 'free' than in 'not free' countries,… the difference is not large: 53 per cent on average for 'free' countries against 42 per cent for 'not free' (and 52 per cent for 'partly free')." The report makes similar conclusions about the relationship between *CPI 2012* scores and the numbers of regulations in countries.[6] My study comes up with similar findings for most regulations, but the two studies differ in methodological approach.[7]

1.3 Methodology and Initial Findings

The study utilizes two methods to analyze relationships between index scores and regulations in a sample of 17 nations. By limiting the differences between the countries in the sample, the study aims to increase the comparability of countries and therefore the significance of the findings. The first method of comparison measures the overall number of political finance regulations in each country by calculating its "Regulatory Score," and

[6] Magnus Ohman, *Political Finance Regulations Around the World: An Overview of the International IDEA Database* (Stockholm, Sweden: International IDEA, 2012), 45, 49.

[7] International IDEA's study interprets index scores differently from this one, categorizing scores into three categories (low, medium, and high). This study employs the full range of scores provided by each index. The exact numerical scores capture the full sophistication of the scoring systems and quantify the data for statistical analysis. The range of countries used in this study also differs from International IDEA's study. International IDEA's study includes 180 countries, whereas the exclusion criteria of this study limit the sample to 17 relatively comparable nations. Another key difference between International IDEA's analysis and this study is how the two studies evaluate the relationships between variables. In analyzing the overall number of regulations in countries, International IDEA first classifies countries into low, medium, or high categories and then calculates the average percentage of overall regulations employed by countries in each group. In analyzing individual regulations, International IDEA's report first classifies countries into low, medium, or high categories and then calculates the percentage of countries in each category that employ the specified political finance regulation. The methodology section of this chapter explains how this study evaluates regulations individually and collectively.

then correlating index scores with Regulatory Scores. For consistency, a positive correlation (or relationship) is defined as a correlation (or relationship) between "better" index scores and a given variable. A "better" index score means a higher level of democracy (higher EIU Overall score), higher level of freedom (lower *Freedom in the World* score), or lower level of corruption (higher *CPI* score).[8]

The "Regulatory Score" is a proprietary measurement of the number of regulations that a country employs. Regulatory Scores can range from 0.00 to 1.00, where a higher Regulatory Score indicates a higher number of regulations. The Regulatory Score of a country is calculated from the "Yes" and "No" answers to questions provided by International IDEA's *Political Finance Database*. I interpret the answers to each question using a dichotomous scoring system. The answer "Yes," as given by the database, indicates a score of one; the answer "No" indicates a score of zero. All answers being equally weighted, every answer is either quantified as a one or a zero.

In order to sustain the dichotomous scoring system, all questions included in calculating Regulatory Scores must ask about a ban, limit, or requirement. My study employs the dichotomous scoring system because it functions in harmony with the central question of the study: are countries with regulations more democratic than countries without regulations? The dichotomous scoring system has been criticized for lumping together countries that have vastly different characteristics.[9] This is a limitation of my

[8] EIU's *Democracy Index 2012* assigns scores for countries between one and ten, using two decimal places, where a higher score indicates a higher level of democracy. Transparency International's *CPI 2012* assigns each country a whole number score between one and 100, where a higher score indicates a lower level of corruption. Freedom House's *Freedom In the World 2012* assigns each country a score between one and seven, using whole and half integers, where a higher score indicates a lower level of freedom.

[9] Indices that use dichotomous scoring systems include EIU Democracy Index 2012 (combines binary and three-pronged approach), Przeworski and colleagues' Democracy and Dictatorship (DD) index, and

study, especially considering varying levels of enforcement between countries. However, the dichotomous system has validity and reliability advantages. The dichotomous system classifies rather than qualifying, a maxim of social science. It also reduces measurement error.[10]

Although the database provides answers to 43 political finance-related questions, only 20 fit the criteria used for calculating Regulatory Scores. Questions about public funding are not used for calculating Regulatory Scores because they do not always ask about a ban, limit, or requirement. Questions about public funding are analyzed individually in Chapter 3. Questions that cover the disclosure of donors' identities are also not included in calculating Regulatory Scores because answers to these questions do not always fit into the dichotomous score system.[11]

Regulatory Scores are calculated for each country using only the questions for which International IDEA provides "Yes" or "No" answers. The answers "Unknown" and "Not Applicable" are not considered in the calculation. For example, in the case of Trinidad and Tobago, International IDEA's *Political Finance Database* only provides "Yes" or "No" answers for eleven of twenty questions. Trinidad and Tobago is only evaluated based on answers to those eleven questions. The equation for Trinidad and Tobago's Regulatory Score is presented in Equation 1.1.

Bernhard, *Nordstrom* and Reenock's BNR index. See Coppedge, "Conceptualizing and Measuring Democracy," 249.

[10] Mike Alvarez et al., "Classifying Political Regimes," *Studies In Comparative International Development* 31, no. 2 (Summer 1996): 21-22, 31, accessed November 15, 2013, doi:10.1007/BF02719326; Giovanni Sartori, "Concept Misformation in Comparative Politics," *American Political Science Review* 64, no. 4 (December 1970): 1036-40, accessed November 15, 2013, http://www.jstor.org/stable/1958356; Zachary Elkins, "Gradations of Democracy? Empirical Tests of Alternative Conceptualizations," *American Journal of Political Science* 44, no. 2 (April 2000): 293, accessed November 15, 2013, http://works.bepress.com.

[11] Disclosure often involves gray areas, with countries imposing limits on the amount that can be contributed anonymously.

Equation 1.1. Regulatory Score calculations

$$\frac{5 \text{ (Political Finance Regulations in Place)}}{11 \text{ (Possible Political Finance Regulations)}} = 0.45 \text{ (Regulatory Score)}$$

The questions used for calculating Regulatory Scores are presented in Figure 1.1. Question numbers in Figure 1.1 correspond to question numbers from International IDEA's *Political Finance Database*. The questions used in the first method of comparison were selected before data collection.

Figure 1.1. Questions used to calculate Regulatory Scores

1. Is there a ban on donations from foreign interests to political parties?
2. Is there a ban on donations from foreign interests to candidates?
3. Is there a ban on corporate donations to political parties?
4. Is there a ban on corporate donations to candidates?
5. Is there a ban on donations from corporations with government contracts or partial government ownership to political parties?
6. Is there a ban on donations from corporations with government contracts or partial government ownership to candidates?
7. Is there a ban on donations from Trade Unions to political parties?
8. Is there a ban on donations from Trade Unions to candidates?
11. Is there a ban on state resources being given to or received by political parties or candidates (excluding regulated public funding)?
13. Is there a limit on the amount a donor can contribute to a political party over a time period (not election specific)?
15. Is there a limit on the amount a donor can contribute to a political party in relation to an election?
17. Is there a limit on the amount a donor can contribute to a candidate?
29. Is there a ban on vote buying?
30. Are there bans on state resources being used in favour or against a political party or candidate?
31. Are there limits on the amount a political party can spend?
33. Are there limits on the amount a candidate can spend?
35. Do political parties have to report regularly on their finances?

36. Do political parties have to report on their finances in relation to election campaigns?
37. Do candidates have to report on their campaigns finances?
38. Is information in reports from political parties and/or candidates to be made public?
41. Is it specified that a particular institution(s) is responsible for examining financial reports and/or investigating violations?

Regulatory Scores are plotted on the x-axes and index scores are plotted on the y-axes of Figure 1.2, Figure 1.3, and Figure 1.4. Lines of best fit are presented along with data points in each scatter plot. The equations and R^2 values of the correlational linear regressions are also presented on the scatter plots, where R^2 values are used to determine the statistical significance of each correlation. $R^2 > 0.389$ indicates a meaningful degree of statistical significance.[12]

The second method of comparison evaluates political finance regulations individually. This method separates the 17 nations into "Yes" and "No" groups based on whether or not they employ the regulation in question and then calculates average index scores for each group.[13] Tables display "Yes" and "No" group averages alongside p-values. P-values indicate statistical significance for the difference in the two groups' averages.

The Mann-Whitney U-Test is the test performed to evaluate the statistical significance of the difference in group averages for the second method of comparison. The Mann-Whitney U-Test is a non-parametric test used to determine the statistical

[12] Critical values that denote statistical significance are taken from the University of Connecticut's website. See "Critical Values of the Pearson Product-Moment Correlation Coefficient," *Neag School of Education - University of Connecticut,* http://www.gifted.uconn.edu.
[13] Average scores of the entire sample are also displayed in the tables as points of reference. Questions used in the individual regulation analyses were chosen following data collection, but were not chosen to corroborate the central hypothesis.

significance of the difference of means between two groups.[14] The study employs a directional test where p-value < 0.10 indicates a meaningful degree of statistical significance.

The age of a democracy is calculated using information provided by the Center for Systemic Peace's *Polity IV Project*. Age is calculated as of the year 2012. Since the *Polity IV Project* only dates back to 1800, the age of democracy calculated for the U.S. and the U.K. is 212 years.[15] Since Malta is not included in the *Polity Project's* dataset, its age was found on the Maltese government's official website.[16]

1.4 Inclusion and Exclusion Criteria

All countries that meet the following criteria are included in the sample.

1. **Countries must employ candidate-centered electoral systems**.[17] The purpose of including only candidate-centered electoral systems is to increase comparability between countries. In a candidate-centered electoral system, laws that regulate certain behaviors are more appropriate than they would be in a party-centered electoral system. As one scholar put it, "Candidate-centeredness affects the demand for candidate-level regulation because as there is either greater

[14] The test was performed using VassarStats' Website for Statistical Computation. See "Mann Whitney U-Test," *VassarStats*, http://vassarstats.net/.
[15] To calculate a country's age, I added together the number of years the country has achieved a "democ" score above 0 in the *Polity Project* without being rated zero or below for a period lasting longer than six years. The period of six years was chosen specifically to accommodate France. According to the *Polity IV Project*'s website, the *Project* is "the most widely used data resource for studying regime change and the effects of regime authority." See *Polity IV Project: Political Regime Characteristics and Transitions, 1800-2012*, The Center for Systemic Peace, 2012.
[16] "About Malta," History of the Maltese Islands, accessed October 01, 2013, https://gov.mt/en.
[17] Information used to classify countries based on electoral system design is provided by International IDEA's *Electoral System Design Database.*

interest in the differences between individual candidates or it becomes evident that candidates engage in their own campaigning, the interest in regulating and revealing candidates' campaign finances grows."[18] A regulation may address a problem in a candidate-centered electoral system that is not a problem in a party-centered electoral system. It would be counterproductive to evaluate countries based on regulations that they have no need for.

2. **Countries must be included in EIU's *Democracy Index 2012*, Transparency International's *CPI*, and Freedom House's *Freedom in the World 2012*.** The study relies entirely on these three indices as measurements of democracy.
3. **Countries must be labeled "full" or "flawed" democracies by EIU's Democracy Index 2012.** Only "Full democracies" and "Flawed democracies" are included in the study because they are most likely to be capable of implementing the legislation under comparison.

1.5 Data and Findings

The data in Table 1.1 are used throughout the study. Figure 1.2 presents results found using the first method of comparison that illustrate the relationship between EIU Overall scores and Regulatory Scores.

[18] Joel W. Johnson, "Electoral Systems and Campaign Finance in Legislative Elections" (diss., UC San Diego, 2009), Introduction, accessed September 25, 2013, http://www.escholarship.org.

Table 1.1. Democracy age, Regulatory Score, index scores

Country	Democracy age (Years)	Regulatory Score	EIU Overall score	CPI score	FH level of freedom
Sample Median	53	0.45	7.85	57	1.5
Australia	111	0.30	9.22	85	1.0
Botswana	46	0.39	7.85	65	2.5
Canada	145	1.00	9.08	84	1.0
France	135	0.90	7.88	71	1.0
Ghana	20	0.45	6.02	45	1.5
India	62	0.57	7.52	36	2.5
Ireland	91	0.67	8.56	69	1.0
Jamaica	53	0.20	7.39	38	2.5
Malawi	18	0.11	6.08	37	3.5
Malaysia	55	0.16	6.41	49	4.0
Malta	38	0.20	8.28	57	1.0
Mauritius	44	0.21	8.17	57	1.5
Papua New Guinea	37	0.47	6.32	25	3.5
Trinidad and Tobago	50	0.45	6.99	39	2.0
United Kingdom	212	0.57	8.21	74	1.0
United States	212	0.95	8.11	73	1.0
Zambia	21	0.15	6.26	37	3.5

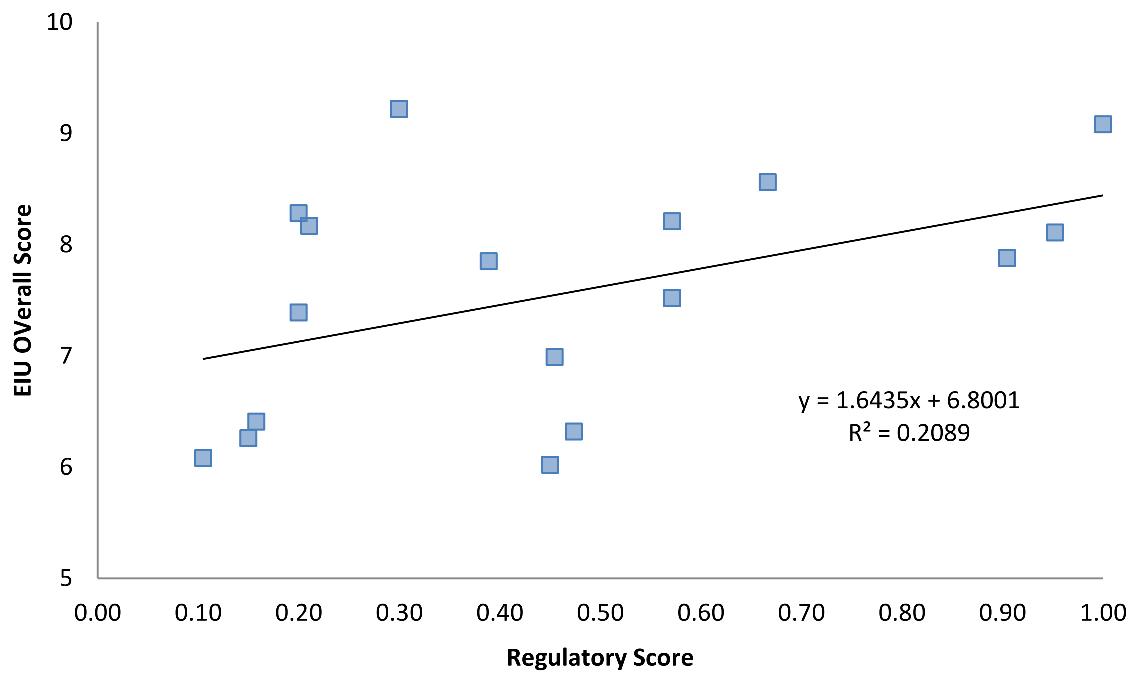

Figure 1.2. Regulatory Score vs. Overall EIU score

Figure 1.2 illustrates a modest correlation between EIU Overall scores and Regulatory Scores. The R^2 value for the regression in Figure 1.2 does not indicate a meaningful degree of statistical significance. Nonetheless, the regression does express a positive relationship.

At first glance, Figure 1.3 appears to illustrate a negative relationship between Regulatory Scores and levels of freedom. The negative slope of the regression reflects Freedom House's scoring system that assigns lower scores to countries with higher levels of freedom. In reality, Figure 1.3 illustrates a positive correlation between a country's level of freedom and its Regulatory Score.

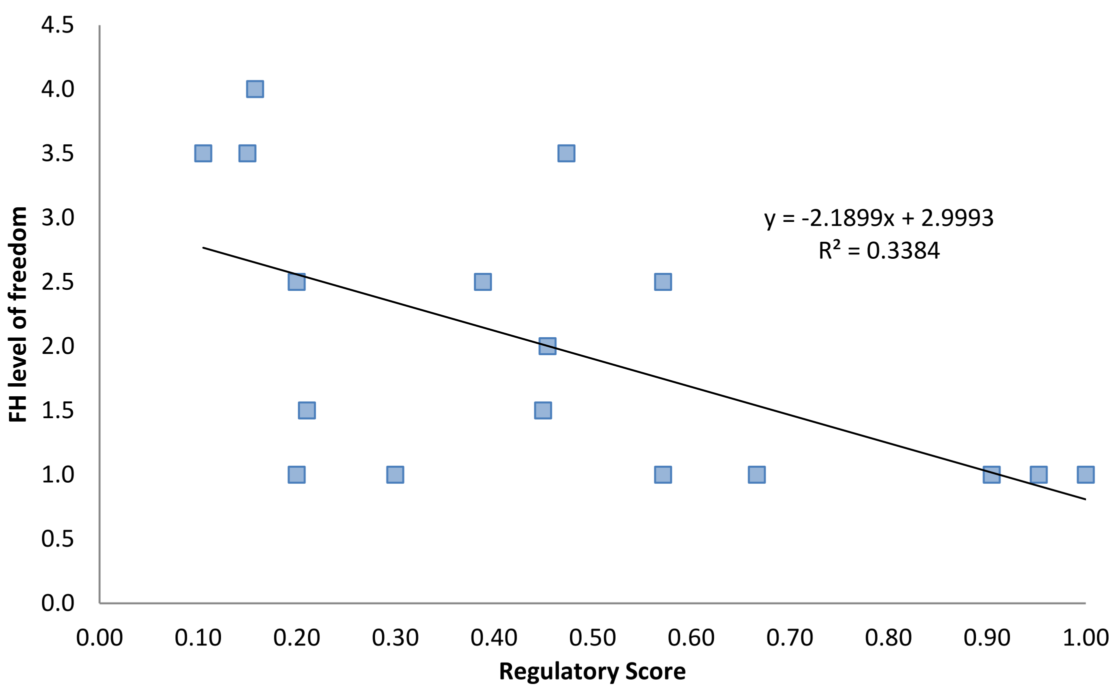

Figure 1.3. Regulatory Score vs. FH level of freedom

Of scores from all three indices, Regulatory Scores correlate most strongly with scores from Freedom House's *Freedom in the World 2012*. Although it is close, the R^2

value of the regression in Figure 1.3 does not indicate a meaningful degree of statistical significance.

Like Figure 1.2 and Figure 1.3, Figure 1.4 exhibits a positive correlation between index scores and Regulatory Scores. Figure 1.4 illustrates the relationship between *Corruption Perceptions Index 2012* scores and Regulatory Scores.

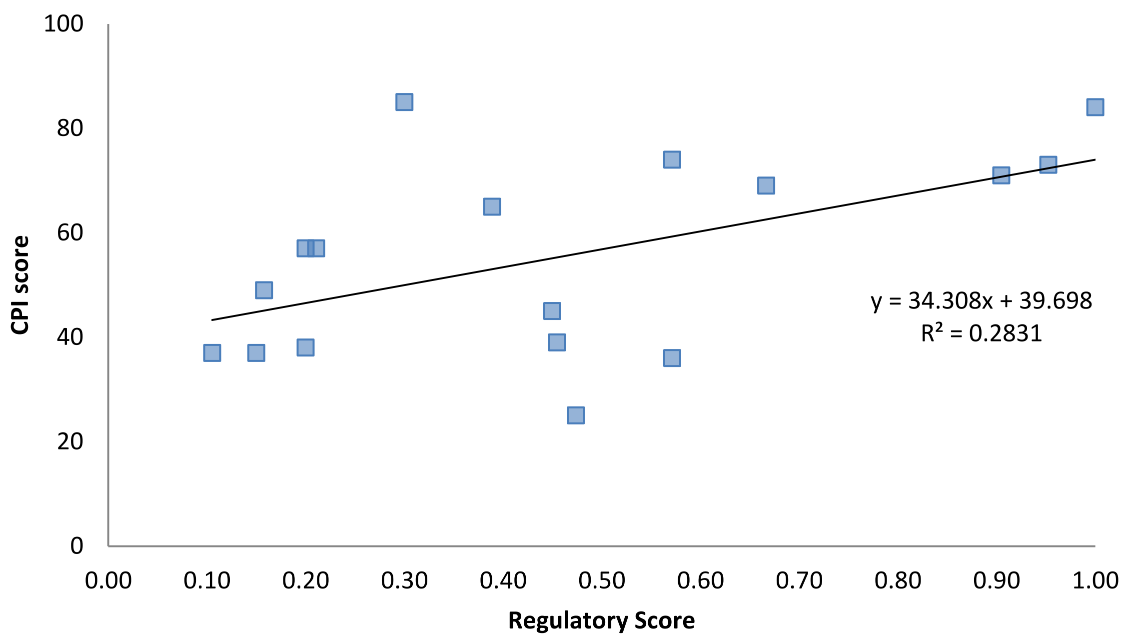

Figure 1.4. Regulatory Score vs. *CPI 2012* score

Like Figure 1.3, the slope of the regression in Figure 1.4 is misleading. Transparency International gives higher *CPI 2012* scores to countries with lower levels of corruption. The positive correlation in Figure 1.4 is actually between lower perceptions of corruption and higher Regulatory Scores. This correlation is not statistically significant, but shows that perceptions of corruption are generally lower in countries with more regulations. Positive correlations exist between scores of all three indices and Regulatory Scores, but do not reach a meaningful degree of statistical significance in any case. The figures support my central hypothesis because they are positive, but only marginally because they are statistically insignificant.

The positive relationships between index scores and regulations continue to appear in findings from the second method of comparison, where statistically significant findings are more common. In four of the six questions individually analyzed, the "Yes" group achieves better average index scores than the "No" group. These findings corroborate my central hypothesis, but only reach statistical significance in two cases. Of the findings from the two questions that contradict my central hypothesis, none of the findings reach statistical significance.

So, all statistically significant findings in the study corroborate my central hypothesis. The findings from Question 19 and Question 41 demonstrate positive and statistically significant relationships between index scores and regulations. Question 41 asks if countries have institutions responsible for examining financial reports and/or investigating violations, and the findings are presented in Section 1.6. With a meaningful degree of statistical significance, institutions of implementation are positively related to 1) lower perceptions of corruption and 2) higher levels of freedom. Question 19 asks whether or not countries have direct public funding for political parties, and the findings are presented in Section 3.1. With a meaningful degree of statistical significance, public funding for political parties is positively related to 1) higher levels of democracy, 2) lower perceptions of corruption, and 3) higher levels of freedom. As for the findings that contradict the central hypothesis, the provisions in question are free subsidized access to media for *candidates* and free or subsidized media access for *political parties,* Question 23 and Question 25, respectively.

1.6 Limitations of the study

Because the study does not control for most extraneous variables, the implications of the findings are limited. The inclusion/exclusion criteria are designed to limit differences between countries in the sample, but characteristics of countries within the sample still vary greatly. In this section of the chapter I first acknowledge that some variables are more strongly correlated with EIU Overall scores than are Regulatory Scores. Then I look at the relationship between index scores and the presence/absence of regulatory institutions in countries. Figure 1.5 demonstrates a positive correlation between the ages of democracies and EIU Overall scores. Figure 1.6 demonstrates the positive correlation between per capita GDP and EIU Overall scores.

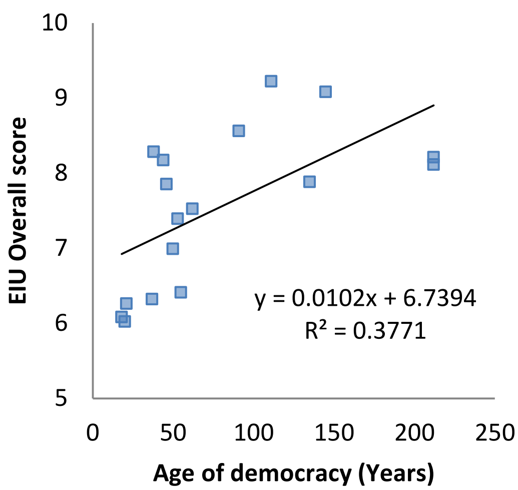

Figure 1.5. Age of democracy vs. EIU Overall score

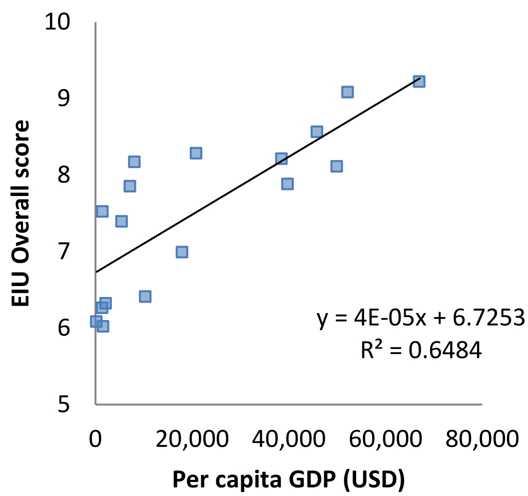

Figure 1.6. Per capita GDP vs. EIU Overall score

The R^2 value of the regression in Figure 1.5 is too small to indicate a meaningful degree of statistical significance. It is, however, close. Through the process of creating laws and refining mechanisms of enforcement, countries consolidate democracy over many years. Political finance legislation and regulation are part of this process, but a body of laws addresses many problems that arise in a democracy, and political finance regulations are just one part of democratic consolidation. A variable that is even more strongly correlated with EIU Overall scores is per capita GDP. The R^2 value of the regression in Figure 1.6 indicates over 99 percent certainty that the correlation is not caused by chance. Economic variables are generally considered to be the most accurate predictors of democratic consolidation.[19] Causation is not addressed, but both age of democracy and per capita GDP are more accurate predictors of EIU Overall scores than are Regulatory Scores.

The rest of the chapter addresses the variability in enforcement observed internationally, one of the greatest limitations of the study. The question closest to measuring enforcement is Question 41, which asks whether or not countries have institutions to examine financial reports and/or investigate violations. The question is far from a perfect measurement of enforcement, with enforcement still varying widely among countries in the “Yes” group. Ghana provides a case study illustrating how such institutions can fail to administer the law. Malta shows how a country without such an institution can still achieve high EIU Overall scores. Data used for analyzing Question 41 are presented in Table 1.2.

[19] Adam Przeworski and Fernando Limongi, "Modernization: Theories and Facts," *World Politics* 49, no. 2 (January 01, 1997), accessed November 7, 2013, http://www.jstor.org/stable/25053996; M. J. Gasiorowski and T. J. Power, "The Structural Determinants of Democratic Consolidation: Evidence from the Third World," *Comparative Political Studies* 31, no. 6 (December 01, 1998), doi:10.1177/0010414098031006003, cited in Lars Svåsand “Regulations of political parties and party functions in Malawi: incentive structure and the selective application of the rules”, Working Paper Series on the Legal Regulation of Political Parties, (2013): No. 33.

Table 1.2. Particular institution(s) responsible for examining financial reports and/or investigating violations

Average Score	Entire Sample	Yes: Botswana, Canada, Ghana, India, U.K., U.S., Australia, Papua New Guinea, France, Ireland	No: Jamaica, Malawi, Malaysia, Zambia, Mauritius, Malta	p-value, difference of means
EIU Overall	7.59	7.88	7.10	0.127
CPI	56	63	46	0.058
FH level of freedom	2.0	1.6	2.7	0.041

The findings from Question 41 show that, on average, countries that have institutions achieve better scores across all three indices than countries without them. The differences in averages reach statistical significance for both the *CPI 2012* scores and the *Freedom in the World 2012* scores, but not for EIU's *Democracy Index 2012*. The effectiveness of each institution is not measured, and if the institutions were all equally effective there might be a larger, more statistically significant discrepancy between the "Yes" and "No" group averages in Table 1.2. As Ghana and Papua New Guinea prove, to have an institution is not to guarantee proper enforcement.

Ghana and Papua New Guinea both have institutions charged with examining financial reports and/or investigating violations. The two countries both receive Regulatory Scores within one hundredth of a percentage from the median (they have plenty of regulatory laws), but in practice enforcement is weak in both countries. Their EIU Overall scores constitute two of the four lowest EIU Overall scores in the sample.

The inclusions of Ghana and Papua New Guinea in the “Yes” group drag down that group’s average Overall EIU score while improving the “No” group’s average score.

Ghana is evaluated by the 2011 edition of the *Global Integrity Report*.[20] The *Report* gives Ghana a “Legal Framework” score that is 25 points higher than its “Actual Implementation” score of 54 (out of 100). These two scores represent the integrity of Ghana’s entire legal system, not just political finance regulation. The discrepancy between scores begins to explain Ghana’s tendency to create laws that it is incapable of enforcing. Specifically concerning political finance, Ghana receives a score of 11 in the “Political Financing Transparency” category (again, out of 100). The Report gives Ghana a zero in response to the statement indicating whether, in practice, an agency or entity monitoring the financing of political parties independently initiates investigations. A comment underneath the score of 0 reads, “This has never been done. Many of the political parties do not file returns and submit accounts, yet nothing is done to them.” The same is true about investigations of candidates.[21] Without investigations or sanctions, parties and candidates in Ghana disregard regulations.

The Constitution charges Ghana’s Electoral Commission with monitoring political finance. Unfortunately, the strong role of the executive hurts the Commission’s ability to operate as an independent body. The Constitution guarantees that the Commission “shall not be subject to the direction or control of any person or authority,”

[20] *The Global Integrity Report*, Global Integrity, 2011. The report is a “guide to anti-corruption institutions and mechanisms around the world.” It evaluates both legal frameworks and practical implementation of legal frameworks. The report includes an index that is scored on a scale of 0-100.
[21] *The Global Integrity Report*, Global Integrity, 2011.

and also guarantees tenure for its members.[22] In practice, neither of these constitutional guarantees is observed. The President does not directly control the Commission, but appoints 70 percent of its members.[23] Although the executive needs parliament's approval to make these appointments, he can evade this requirement by making temporary appointments. As for the tenure of the Commission's members, the executive defies the guarantee by keeping members in "acting positions".[24]

In addition to weakening the autonomy of the Electoral Commission, executive dominance allows administrations to postpone legislation that could improve political finance transparency in Ghana.[25] There is almost no transparency. Campaign spending and contributions are effectively unregulated. Members of parliament are legally obligated to declare their assets each year, but can easily hide them under the names of relatives. Political parties are legally obligated to deliver their financial accounts to the Commission, but rarely do. Only one party has consistently submitted accounts since 1992. Politically, it would be problematic to begin a process of enforcing this regulation because many existing parties would lose electoral eligibility if the regulation were enforced retroactively.[26]

The ruling party in Ghana takes advantage of this lack of enforcement, giving out government contracts in exchange for donations. This and other illicit sources of funding

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[22] Constitution of the Republic of Ghana, 1992, Art. 27, 39; Emmanuel Debrah, "Measuring Governance Institutions' Success in Ghana: The Case of the Electoral Commission, 1993 – 2008," *African Studies* 70, no. 1 (March 22, 2011): 31, accessed November 5, 2013, doi:10.1080/00020184.2011.557573.
[23] Kwesi Aning and Fiifi Edu-Afful, "Legal and Policy Frameworks Regulating the Behavior of Politicians and Political Parties in Ghana : Interrogating Institutional Mechanisms," *The Selected Works of Emmanuel Kwesi Aning*, January 2013, 12, accessed November 5, 2013, http://works.bepress.com.
[24] E. Gyimah-Boadi, "Another Step Forward for Ghana," *Journal of Democracy* 20, no. 2 (April 2009): 147, accessed November 5, 2013, doi:10.1353/jod.0.0065.
[25] Ibid.
[26] Aning, "Legal and Policy Frameworks," 11.

provide a financial advantage to ruling parties.[27] During elections in the 1990's, the ruling party allegedly outspent all opposition parties combined by as much as 15:1.[28] All political parties in Ghana have trouble raising sufficient funds, but opposition parties suffer worst of all without the political leverage to appeal to as many illicit sources funding. [29] So, the body in charge of monitoring and regulating political finance in Ghana does neither successfully.

As the case of Malta demonstrates, democracies do not necessarily need official mechanisms to enforce political finance regulations. Political finance regulation in Malta is relatively weak. Transparency is almost non-existent, contributions can be anonymous, there are no limits on contribution amounts, there are no legal sanctions on political parties, and the Electoral Commission does not enforce sanctions on candidates. All of these issues were labeled problematic by GRECO's 2009 report on Malta, yet the island-nation achieves respectable scores across all three indices used in this study.[30]

In Malta, there are dynamics that are probably more influential than political finance regulation. Malta shares characteristics with the other two democracies in the "No" group that achieve high EIU Overall scores, Mauritius and Jamaica. These three democracies are all islands with relatively small populations. The size of a country has been theoretically linked to its compatibility with democracy. Plato and Aristotle each

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[27] Eldred Masunungure, *ZESN: The Regulation of Political Parties in Zimbabwe- Registration, Finance and Other Support*, report, ed. Rindai Chipfunde-Vava and Tsungai Kokerai, August 2006, Political Party Finance, accessed November 5, 2013, http://www.gndem.org.
[28] M. Fall, "Financing Political Parties in Senegal," Paper presented at the International IDEA Conference on "Towards Sustainable Democratic Institutions in South Africa." ed. Gaborone, 8-10, May 2000, cited in Masunungure, *ZESN: The Regulation of Political Parties in Zimbabwe*, Public Funding.
[29] Wilbert Nam-Katoti et al., "Financing Political Parties in Ghana," *Journal of Applied Business and Economics* 12, no. 4 (2011): 91, accessed November 6, 2013, http://www.na-businesspress.com.
[30] *GRECO Third Evaluation Round: Evaluation Report on Malta, Transparency of Party Funding (Theme II),* report, October 8, 2009, accessed November 4, 2013, http://www.coe.int.

argued that small size is conducive to democratic forms of government. They assumed that people in small units share common interests and destinies, and are interdependent.[31] Montesquieu, Rousseau, and Lijphart all arrived at similar conclusions with respect to the link between small democracy size and democratic compatibility.[32] Studies in political science have also found relationships between small population size and democracy.[33] Likewise, scholars have found positive relationships between islandness and measures of political democracy. Theoretically, islands should make for cohesive democracies because they have relatively small populations, relatively weak militaries, and are unified by sentiments like isolation.[34]

In contrast to the three island-nations, the other three nations in the group of countries without institutions of enforcement receive low EIU Overall scores. The mainland nations of Malaysia, Zambia, and Malawi all have significantly larger populations than the island-states and account for three of the lowest five EIU Overall

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[31] Eyvind Bratt, *Smastaterna I Idéhistorien : En Studie I Äldre Statsdoktriner* (Uppsala: Almqvist & Wiksell, 1951), 17, cited in Carsten Anckar, "Size, Islandness, and Democracy: A Global Comparison," *International Political Science Review / Revue Internationale De Science Politique* 29, no. 4 (September 01, 2008): 433, accessed November 9, 2013, http://www.jstor.org/stable/20445155.
[32] Anckar, "Size, Islandness, and Democracy, 434.
[33] Axel Hadenius, *Democracy and Development* (Cambridge: Cambridge University Press, 1992), 126-27; Larry J. Diamond, *Developing Democracy: Toward Consolidation* (Baltimore: Johns Hopkins University Press, 1999), 117-19; Dana Ott, *Small Is Democratic: An Examination of State Size and Democratic Development* (New York: Garland Publishing, 2000), 115-21, 128; Robert J. Barro, "Determinants of Democracy," *Journal of Political Economy* 107, no. S6 (1999): 167, accessed November 9, 2013, doi:10.1086/250107; Christopher Clague, Suzanne Gleason, and Stephen Knack, "Determinants of Lasting Democracy in Poor Countries: Culture, Development, and Institutions," *Annals of the American Academy of Political and Social Science* 573 (January 01, 2001): 22-3, accessed November 9, 2013, http://www.jstor.org/stable/1049013.
[34] Anckar, "Size, Islandness, and Democracy, 434-37; Dag Anckar, "Why Are Small Island States Democracies*?," The Round Table* 91, no. 365 (2002): 386, doi:10.1080/0035853022000010344.

scores in the entire sample.[35] These nations may have greater needs for institutions than do the island-nations in the "No" group.

All of the extraneous variables mentioned in this section of the chapter (age of democracy, GDP per capita, enforcement of regulations, population size, and islandness) appear to exercise substantial influence on democracy, yet the study controls for none of them. The only controls used in the study are the inclusion and exclusion criteria. The first method of comparison finds positive correlations between regulatory scores and scores from all three indices, but none of these relationships reach statistical significance. The second method of comparison, as performed for Question 41 in this section, yields a statistically significant positive relationship between index scores and institutions to examine financial reports and/or investigate violations. The discrepancies are statistically significant for two indices, indicating that having such an institution may improve levels of freedom and decrease perception of corruption in countries. Case studies tell a different story. The case of Ghana shows that these institutions, far from guaranteeing enforcement, can be useless. The case of Malta shows that countries do not need official mechanisms of enforcement to achieve high index scores.

[35]See *World Development Indicators*, The World Bank, http://data.worldbank.org/country. In 2012, Jamaica had a population of 2.7 million, Mauritius had a population of 1.3 million, Malta had a population of 0.4 million, Malaysia had a population of 29.2 million, Zambia had a population of 14.1 million, and Malawi had a population of 15.9 million.

Chapter 2: Restrictions on Contributions

This chapter explores relationships between index scores and regulations on donations to candidates. The first section of the chapter groups countries together based on whether or not they ban direct corporate donations to candidates. The U.S. is employed an example of a country with a ban on corporate donations to candidates. The second section of the chapter groups countries together based on whether or not they limit the amount donors can contribute directly to candidates. Papua New Guinea and Trinidad and Tobago are used as examples of countries with contribution limits. The findings from the index score comparisons for both regulations show that countries that have the regulation in question achieve higher index scores on average than countries without them. None of the findings reach a meaningful degree of statistical significance in any of the three indices.

2.1 Bans on corporate donations to candidates

The U.S. serves as a good case to study both the theory behind and the application of bans on corporate contributions because of the strong presence corporations have in the political process and the depth of the existing literature. There has long been public skepticism to counter the strong corporate presence in American politics. In fact, the first federal political finance regulation in the U.S. was a prohibition on corporate donations to candidates. Congress passed the Tillman Act in 1907 and it is still in force.[36] The sponsor of the bill said that he meant for the bill to counteract corruption and public suspicion that politicians had become the "instrumentalities and agents of the corporations."[37] Then-current President, Theodore Roosevelt, supported the bill after the public reaction that followed it coming to light that his campaign in the last election had received US $2.2 million in corporate contributions.[38]

In many cases the U.S. Supreme Court has vindicated suppressing corporate speech as a preventative measure against corruption and public perceptions of corruption. In *Buckley v. Valeo*, the Court went so far as to assert that the impact of the appearance of corruption is of "almost equal concern as the danger of actual *quid pro quo* arrangements."[39] To this day, poll after poll of U.S. citizens reveals deep skepticism of

[36] David J. Bodenhamer, *The Revolutionary Constitution* (New York: Oxford University Press, 2012), 163, accessed November 17, 2013, Questia.
[37] Robert E. Mutch, *Campaigns, Congress, and Courts: The Making of Federal Campaign Finance Law* (New York: Praeger, 1988), 6, accessed November 17, 2013, Questia.
[38] Robert J. Shapiro and Douglas Dowson, *Corporate Political Spending: Why the New Critics Are Wrong*, report no. Legal Policy Report No. 15, June 2012, Laws Governing Corporate Political Activity, accessed November 17, 2013, http://www.manhattan-institute.org.
[39] *Buckley v. Valeo* 424 U.S. at 26–27 (1976).

the role of corporations in American politics.[40] But the American public is generally skeptical about the political influence of any large donor. Citizens tend to believe that funding influences voting behavior, with 75 percent of Americans believing that "campaign contributions buy results in congress."[41] Scholarship has not reached a consensus on the effects of political financing on legislative voting behavior.[42] There are studies that suggest politicians exchange policy favors for campaign contributions, but most of these are merely correlations and say nothing about causation.[43] Other researchers have found no meaningful relationships between contributions to politicians and voting behavior.[44]

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[40] "National Survey: Super PACs, Corruption, and Democracy - Americans' Attitudes about the Influence of Super PAC Spending on Government and the Implications for Our Democracy," *Brennan Center for Justice*, 2012, April 24, 2012, accessed October 9, 2013, http://www.brennancenter.org; Lydia Saad, "In U.S., Majority Still Wants Less Corporate Influence: Low Income, Non-college-educated Americans Most Likely to Favor Expanded Role," *Gallup*, February 1, 2011, accessed October 9, 2013, http://www.gallup.com; "2012 Ethics & Action Survey: Voices Carry," *Labaton Sucharow's 2nd Annual Integrity Survey of the American Public*, September 2012, 5-9.

[41] "Survey, Global Strategy Group," (January 11, 2011), quoted in Lawrence Lessig, *Republic, Lost: How Money Corrupts Congress--and a Plan to Stop It*, reprint ed. (New York: Twelve, 2012): 133.

[42] Stephen G. Bronars and John R. Lott, "Do Campaign Donations Alter How a Politician Votes? Or, Do Donors Support Candidates Who Value the Same Things That They Do?," *Journal of Law and Economics* 40, no. 2 (October 01, 1997), accessed November 7, 2013, http://www.jstor.org/stable/10.1086/467375; Thomas Stratmann, "Can Special Interests Buy Congressional Votes? Evidence from Financial Services Legislation," *Journal of Law and Economics* 45, no. 2 (October 01, 2002), accessed November 7, 2013, http://www.jstor.org/stable/10.1086/340091.

[43] Gene M. Grossman and Elhanan Helpman, "Special Interest Politics," *Journal of Institutional and Theoretical Economics JITE* 158, no. 4 (2002); Lynda W. Powell, "The Influence of Campaign Contributions in Legislative Chambers," in *The Influence of Campaign Contributions in State Legislatures: The Effects of Institutions and Politics* (Ann Arbor: University of Michigan Press, 2012), 152; Clayton D. Peoples, "Contributor Influence In Congress: Social Ties and PAC Effects on U.S. House Policymaking," *The Sociological Quarterly* 51, no. 4 (October 01, 2010), accessed November 7, 2013, http://www.jstor.org/stable/40927662; Thomas Stratmann, "Campaign Contributions and Congressional Voting: Does the Timing of Contributions Matter?," *The Review of Economics and Statistics* 77, no. 1 (February 01, 1995): 127, accessed November 16, 2013, http://www.jstor.org/stable/2109998; Laura I. Langbein and Mark A. Lotwis, "The Political Efficacy of Lobbying and Money: Gun Control in the U. S. House, 1986," *Legislative Studies Quarterly* 15, no. 3 (August 01, 1990): 413, accessed November 16, 2013, http://www.jstor.org/stable/439771.

[44] Stephen Ansolabehere, John M. De Figueiredo, and James M. Snyder, "Why Is There so Little Money in U.S. Politics?," *Journal of Economic Perspectives* 17, no. 1 (Winter 2003): 105, accessed November 17, 2013, doi:10.1257/089533003321164976; Frank R. Baumgartner et al., *Lobbying and Policy Change: Who Wins, Who Loses, and Why* (Chicago: University of Chicago Press, 2009), 194, quoted in Lessig, *Republic, Lost*, 133; Janet M. Grenzke, "PACs and the Congressional Supermarket: The Currency Is Complex,"

Beside corruption, the other main argument in favor of passing the Tillman Act was that the ban would prevent corporate management from misappropriating shareholders' money to political causes they opposed. By the 2010 *Citizens United v. Federal Election Committee* ruling, shareholder protection was no longer recognized as a substantive argument for bans on corporate donations. The Court reasoned that shareholders were voluntarily involved in corporations and that they could always sell their shares or object to a corporation's policy using the shareholder voting process.[45]

Opponents of the ban on corporate donations in the U.S. claim that this ban infringes upon corporations' rights to free speech. In most cases before *Citizens United*, the Court ruled that corporate speech, both commercial and political, was constitutionally protected because listeners (citizens) should have access to the dissemination of ideas. In other words, a corporation's right to political speech was not justified based on its own rights, but on listener's rights and the speech itself. The Court's 1978 ruling in *First National Bank of Boston v. Bellotti* held that the value of speech does not depend on its source but its nature, and also that corporate speech could be contextually limited. [46] Corporate speech has been contextually limited since 1907 insofar as corporations cannot donate directly to candidates' campaigns or parties' coffers, but they do have other rights

American Journal of Political Science 33, no. 1 (February 01, 1989), accessed November 7, 2013, http://www.jstor.org/stable/2111251.

[45] Jason S. Campbell, "Down the Rabbit Hole with Citizens United: Are Bans on Corporate Direct Campaign Contributions Still Constitutional?", *Loyola of Los Angeles Law Review* 45, no. 1 (Fall 2011): 197-199, accessed November 17, 2013, HEIN Online.

[46] Paul S. Herrnson, Ronald G. Shaiko, and Clyde Wilcox, *The Interest Group Connection: Electioneering, Lobbying, and Policymaking in Washington* (Washington, D.C.: CQ Press, 2005), 311, accessed November 17, 2013, Questia; Campbell, "Down the Rabbit Hole, 186.

of expression. In current law, corporations can exercise a right to political speech through independent expenditures, lobbying, and Political Action Committees.[47]

The ruling in *Citizens United v. FEC* changed the rationale behind protecting corporate speech. In this case the Court recognized corporations' First Amendment rights for the sake of the corporations' rights, equating their rights of speech to those of legal persons. The Court held that, like people, corporations "have the need or the motive to communicate their views," so they should have the right to association and self-expression. [48] Following the Citizens United ruling, corporations can make unlimited independent expenditures but the court sustained the ban on direct corporate donations to prevent corruption and perceptions of corruption. [49] In current law, corporations can exercise a right to political speech through independent expenditures, lobbying, and Political Action Committees.

The question addressed in this section of the chapter is Question 4, which asks whether or not countries have bans on corporate donations to candidates. The group averages are presented in Table 2.1. Statistical significance is not calculated for the findings from the Question 4 comparison because there are only three countries in the "Yes" group, and the Mann Whitney U-Test is designed for group sizes larger than five.

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[47] "The term independent expenditure means an expenditure by a person for a communication expressly advocating the election or defeat of a clearly identified candidate that is not made in cooperation, consultation, or concert with, or at the request or suggestion of, a candidate, a candidate's authorized committee, or their agents, or a political party committee or its agents." See 11- Federal Elections, 1 C.F.R § 100.16 (2011).

[48] *First National Bank of Boston v. Bellotti*, 435 U.S. at 906 (1978).

[49] Campbell, "Down the Rabbit Hole, 183-197.

Table 2.1. Bans on corporate donations to candidates

Average Score	Entire Sample	Yes: Canada, U.S., France	No: Botswana, Ghana, India, Jamaica, Malawi, Malaysia, U.K., Zambia, Mauritius, Australia, Papua New Guinea, Ireland, Malta
EIU Overall	7.59	8.36	7.41
CPI	56	76	52
FH level of freedom	2.0	1.0	2.2

The average index scores for the "Yes" and "No" groups reveal that countries with bans on corporate donations to candidates receive better index scores on average than countries without them across all three indices. All three countries with a ban have relatively high EIU Overall scores. In the "Yes" group there is little diversity in age, per capita GDP, and Regulatory Score. France, the U.S, and Canada are three of the four oldest democracies, have three of the four highest per capita GDP's, and account for all three of the highest Regulatory Scores in the study. The homogeneity of the "Yes" group shows that a ban on corporate donations is more typical of older, wealthier democracies that strictly regulate political finance.

Although the U.S. bans corporate donations to candidates and parties, there are laws that allow corporations to exercise their rights to free speech and therefore influence politics. Corporate PACs, Super PACS, 501(c)(4) groups, and lobbyists all provide corporations with opportunities to do so.[50] Super PACs are the latest and most

[50] Corporate PACs are separate segregated funds and Super PACs are nonconnected committees, where "The term 'political action committee' (PAC) refers to two distinct types of political committees registered

controversial development in American political finance. According to polls, most of the American public is skeptical of Super PACs. In 2010, 80 percent of the electorate opposed the ruling in *Citizens United*, the case that the public usually blames for creating the Super PAC.[51]

There is no limit to the amount donors can give to Super PACs and the huge amounts donated by wealthy individuals generate public distrust. In one poll, 73 percent of respondents agreed that "there would be less corruption if there were limits on how much could be given to Super PACs."[52] Much of the funding for Super PACs comes in the form of large donations. The top one percent of individual donors contributed 47 percent of the money given to Super PACs in 2012.[53] The Super PAC Restore Our Future received 22 donations of US $1 million or more. Six of these US $1 million-plus donations came from corporations and the other sixteen came from donors with direct ties to corporations, investment groups, or LLCs.[54] The Super PAC that spent the most money in congressional elections spent $5.5 million.[55] Eleven corporations donated US $50,000 or more to this Super PAC, Texas Conservatives Fund.[56]

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with the FEC: separate segregated funds (SSFs) and nonconnected committees. Basically, SSFs are political committees established and administered by corporations, labor unions, membership organizations or trade associations. These committees can only solicit contributions from individuals associated with connected or sponsoring organization. By contrast, nonconnected committees--as their name suggests--are not sponsored by or connected to any of the aforementioned entities and are free to solicit contributions from the general public." See the Federal Election Committee's website, www.fec.gov.

[51] Dan Eggen, "Poll: Large Majority Opposes Supreme Court's Decision on Campaign Financing," *Washington Post*, February 16, 2010, accessed October 9, 2013, http://articles.washingtonpost.com.

[52] "National Survey: Super PACs, Corruption, and Democracy," *Brennan Center for Justice*, 2.

[53] The Center for Responsive Politics, 2012 Super PACs: How Many Donors Give?, http://www.opensecrets.org.

[54] The Center for Responsive Politics, PACs: Donor Lookup.

[55] Michelle Merlin, "Single-Candidate Super PACs Post Mixed Record in Congressional Races," *Open Secrets Blog* (web log), November 8, 2012, accessed September 8, 2013, http://www.opensecrets.org.

[56] The Center for Responsive Politics, Outside Spending: Donor Lookup, http://www.opensecrets.org.

Super PACs are not permitted to donate money directly to candidates or coordinate with candidates but they can make unlimited uncoordinated expenditures. The rules on independent corporate expenditures have fluctuated over the years. When the *Buckley* ruling removed independent expenditure limits in 1976, the Court reasoned that the absence of coordination undermines the value of expenditures and "alleviates the danger that expenditures will be given as a quid pro quo for improper commitments from the candidate."[57] When there is coordination between candidates and independent expenditure groups, donations to these groups are more like "disguised contributions."[58] In the Court's opinion, coordination increases the potential for quid pro quo corruption.

A convoluted five-page definition of "coordination" leaves readers confused about what differentiates legal from illegal coordination.[59] Even when parties and candidates obey laws that prohibit coordination, these laws permit a degree of coordination. Candidates are allowed to solicit donations for outside groups that support them so long as they do not expressly ask for over US $5,000.[60] Super PACs are often dedicated to supporting a single candidate, and in many cases they are run by that candidate's former associates.[61] One report found 75 single-candidate groups that spent over US $100,000 during the 2012 election cycle, collectively accounting for about 45 percent of the nearly US $600 million that Super PACs spent.[62] The founders of both

[57] *Buckley v. Valeo*, 424 U.S. at 47 (1976).
[58] Ibid., at 46.
[59] Richard Briffault, *Coordination Reconsidered*, 113 Columbia Law Review Sidebar 88 (2013), http://www.columbialawreview.org.
[60] Michael Beckel, "Did GOP Congressman Make Illegal Super PAC Solicitation?," *Center for Public Integrity*, February 7, 2013, accessed November 13, 2013, http://www.publicintegrity.org.
[61] Russ Choma, "Congressional Candidates Draw One-Campaign Super PACs," *Open Secrets Blog* (web log), October 30, 2012, accessed September 7, 2013, http://www.opensecrets.org.
[62] Taylor Lincoln, *Super Connected: Outside Groups' Devotion to Individual Candidates and Political Parties Disproves the Supreme Court's Key Assumption in Citizens United That Unregulated Outside*

Romney's main Super PAC and Obama's dedicated Super PAC had previously worked for them during their political careers.[63] One congressional candidate said publicly that his Super PAC was "set up by the professionals who run my campaign." [64] An adviser to Gingrich's Super PAC declared, "I do what Newt tells me through the media. And it's all within the confines of the law."[65] Some scholars believe coordination is common, whether or not this type of coordination is defined as "coordination" by law.[66]

There is also an option for corporations to spend unlimited amounts of money anonymously. Non-disclosing independent expenditure groups, or 501(c)(4) groups, shield corporate donors from public scrutiny. In 2012, these groups spent US $310.8 million on electioneering communications.[67] A 501(c)(4) group is defined by law as a social welfare group that must have the primary purpose of promoting the public good. This definition has generally led to the interpretation that these groups must spend less than half of their income on electioneering communications.[68] The anonymity such groups can provide would have benefited Target Corporation in 2012 when its donation to a Super PAC triggered a boycott.[69]

Spenders Would Be 'Independent', report, ed. Lisa Gilbert (Washington, D.C.: Public Citizen, 2013), 10, accessed October 14, 2013, http://www.citizen.org; The Center for Responsive Politics, PACS: Super PACs.

[63] The Center for Responsive Politics, Outside Spending: Groups; The Center for Responsive Politics, Revolving Door: Employment History.

[64] Michael Isikoff, "GOP Rabbi Calls Adelsons 'heroes to Our Community' after Getting $500,000 for Super PAC," *NBC Politics*, August 30, 2012, accessed November 13, 2013, http://nbcpolitics.nbcnews.com.

[65] Kenneth P. Vogel & Dave Levinthal, "Newt Gingrich Suffers from Super PAC Buyer's Remorse," POLITICO (Jan. 5, 2012, 4:31 AM), http://www.politico.com.

[66] Lincoln, *Super Connected: Outside Groups' Devotion*; Richard Briffault, *Super PACS*, working paper no. 12-298 (New York: Columbia Law School, 2012), accessed November 12, 2013, http://dx.doi.org/10.2139/ssrn.2040941.

[67] The Center for Responsive Politics, 2012 Outside Spending, by Group.

[68] The Center for Responsive Politics, Outside Spending: FAQs About 501(c)(4) Groups.

[69] The Super PAC in question supported a candidate that opposed same-sex marriage. The boycott was widely publicized. See Brian Montopoli, "Target Boycott Movement Grows Following Donation to

Corporate PACs can donate up to US $5,000 to each candidate in a federal election with no limit on aggregate donations.[70] Corporate PACs can only raise voluntary donations of less than US $5,000 per donor per calendar year. Almost all donations come from management.[71] Corporate PACs accounted for about one-third of the 4,657 PACs in 2011. They spent more than US $300 million during the 2010 election cycle.[72] Most studies in political science have not shown a strong relationship between PAC contributions and voting behavior, but these studies largely ignore most of the legislative process while focusing solely on voting behavior.[73] One study that looked into how members of congress spend their time in the legislative process found that PAC money bought “time, energy and legislative resources,” and subsequently that “(organized) producer interests figured more prominently than (unorganized) consumer interests in the participation decisions of House committee members.”[74] Another study successfully correlated PAC contributions with access to members of Congress.[75] The finding suggests that politicians prefer to spend their time advocating for the special interests that fund them.

Lobbying is the most common strategy that corporations use to exercise political influence. In 2011, there were 12,432 registered lobbyists. Although the US $600 million spent by Super PACs during the 2012 election cycle seems like a lot of money, special

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Support "Antigay" Candidate," *CBS News*, July 28, 2012, accessed November 13, 2013, http://www.cbsnews.com.

[70] *Buckley v. Valeo*, 424 U.S. at 608, (1976).

[71] Ansolabehere, "Why Is There so Little Money in U.S. Politics?," 106.

[72] Shapiro, *Corporate Political Spending*, The Economic Value of Corporate Lobbying.

[73] Ansolabehere, "Why Is There so Little Money in U.S. Politics?," 112-117.

[74] Richard L. Hall and Frank W. Wayman, "Buying Time: Moneyed Interests and the Mobilization of Bias in Congressional Committees," *The American Political Science Review* 84, no. 3 (September 01, 1990): 814, accessed October 9, 2013, http://www.jstor.org/stable/1962767.

[75] Laura I. Langbein, "Money and Access: Some Empirical Evidence," *The Journal of Politics* 48, no. 4 (November 01, 1986): 1060, accessed November 19, 2013, http://www.jstor.org/stable/2131013.

interests spent $3.3 billion lobbying in 2012 (a conservative estimate).[76] Most studies in political science find lobbying to be an effective method of influencing politics.[77] Authors of one study report that “stocks of lobbying firms significantly outperform non-lobbying firms.”[78] In an analysis of data from all U.S. firms with publicly available financial statements, one study found that “firms that increase their lobbying expenditure by 1% in one year reduce their effective tax rates in the range of 0.5 to 1.6 percentage points the following year.”[79] Another study found that, on average, lobbying is positively related to financial performance.[80] At least in the U.S., a ban on corporate donations to candidates does not completely mitigate the influence corporations have on the political process.

There are studies that find no connection between corporate political activity and firm success. Corporate political activity refers to when corporations participate in politics by attempting to influence congressional and administrative action on particular issues though lobbying or independent expenditures or by financially contributing to political campaigns through Political Action Committees.[81] One researcher found in two studies that all forms of corporate political activity, including lobbying, are “strongly

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[76] The Center for Responsive Politics, Lobbying Database.

[77] Shapiro and Douglas Dowson, *Corporate Political Spending*, The Economic Value of Corporate Lobbying.

[78] Matthew D. Hill et al., "Determinants and Effects of Corporate Lobbying," *Financial Management*, 2013, 20, doi:10.1111/fima.12032, quoted Lessig, *Republic*, *Lost*, 117.

[79] Brian K. Richter, Krislert Samphantharak, and Jeffrey F. Timmons, "Lobbying and Taxes," *American Journal of Political Science* 53, no. 4 (October 01, 2009): 893, accessed October 9, 2013, http://www.jstor.org/stable/20647957.

[80] Hui Chen, David Parsley, and Ya-Wen Yang, *Corporate Lobbying and Firm Performance*, working paper no. G31, G38, D22, 1, accessed November 18, 2013, SSRN.

[81] Richard J. Pigott and Richard S. Williamson, "Corporate Political Activity," 34 (February 01, 1979): 913, accessed November 23, 2013, http://www.jstor.org/stable/40685963.

negatively correlated with firm value."[82] A separate researcher found corporate political donations to be negatively correlated with returns.[83] All three of these studies have been criticized for their methodologies and reasoning.[84] Another study found that political investments are overall negatively associated with market performance, but also that corporate political investments are positively related to market performance for firms in regulated industries.[85]

The aggregate amount of corporate spending in American politics suggests that firms perceive corporate political activity to be worth billions. Although scholarship is generally inconclusive regarding the effects of most forms of corporate spending on politics, studies indicate that lobbying is an effective tool for firms to influence politics. Strictly defined, the act of lobbying itself avoids the problem of quid pro quo corruption, but lobbyists could exchange the services they provide for policy favors. Lobbyists provide politicians with information and sometimes bundled contributions. Even if there is no explicit exchange, special interests that spend money to gain access to politicians crowd out non-moneyed interests (most citizens).[86] This is a problem of distortion of representation rather than actual quid pro quo corruption. The following section addresses

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[82] John C. Coates, *Corporate Governance and Corporate Political Activity: What Effect Will Citizens United Have on Shareholder Wealth?* (September 21, 2010), Harvard Law and Economics Discussion Paper No. 684, http://w4.stern.nyu.edu; John C. Coates, "Corporate Politics, Governance, and Value Before and After Citizens United," *Journal of Empirical Legal Studies* 9, no. 4 (December 2012): 657, accessed November 18, 2013, doi:10.1111/j.1740-1461.2012.01265.x.
[83] Rajesh K. Aggarwal, Felix Meschke, and Tracy Y. Wang, "Corporate Political Donations: Investment or Agency?," *2008 WFA Meeting Paper; AFA 2012 Chicago Meetings Paper*, April 5, 2012, 1, accessed October 9, 2013, http://ssrn.com/abstract=972670.
[84] Shapiro, *Corporate Political Spending*, The New Revisionists: Claims that Corporate Political Activities Harm Companies and their Shareholders.
[85] Michael Hadani and Douglas A. Schuler, "In Search of El Dorado: The Elusive Financial Returns on Corporate Political Investments," *Strategic Management Journal* 34, no. 2 (February 01, 2013): 1, accessed October 11, 2013, http://www.jstor.org/stable/23362694.
[86] Lessig, *Republic, Lost,* 145-155.

limits on contributions to candidates, regulations that are intended to combat distortion by democratizing the funding process.

2.2 Individual contribution limits

In this section of the chapter I review some of the literature evaluating contribution limits, examine the findings from Question 17 of my study, and present two cases of failed implementation in Papua New Guinea and Trinidad and Tobago. Like bans on corporate donations, governments impose limits on the amount donors can give to candidates in order to reduce the ability of wealthy special interests to influence politicians.[87] Contribution limits are meant to reduce the corruption that large donations might provide for. They are also meant to reduce public perceptions of corruption. The limits are intended to make the political process more democratic by forcing candidates to pursue contributions from people of all social classes.[88] Limits on the amount donors can contribute to candidates are referred to interchangeably as contribution limits throughout this section.

Contribution limits are sometimes purported to level the playing field between incumbents and challengers. In practice, contribution limits do not always fulfill their expectations. There is evidence indicating that limits level the playing field, and also evidence to the contrary. Contribution limits are associated with making races less

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[87] Kihong Eom and Donald A. Gross, "Contribution Limits and Disparity in Contributions between Gubernatorial Candidates," *Political Research Quarterly* 59, no. 1 (March 2006): 99, doi:10.1177/106591290605900109.

[88] Donald A. Gross, Robert K. Goidel, and Todd G. Shields, "State Campaign Finance Regulations and Electoral Competition," *American Politics Research* 30, no. 2 (March 01, 2002): 146, accessed November 16, 2013, doi:10.1177/1532673X02030002002.

competitive by reducing the number of candidates in the race, exacerbating fundraising disparities between incumbents and challengers, and increasing the likelihood that incumbents will be reelected. [89] Conversely, some studies have associated limits with closer elections and more candidates in races.[90] Scholars have also associated contribution limits with less overall spending.[91] Although some believe less overall spending is beneficial for democracy, greater campaign spending is associated with higher voter turnout and a more educated electorate. Limits on contributions are associated with lower voter turnout.[92]

The next question in the study is Question 17, which asks whether or not countries limit the amount donors can contribute to candidates. The findings from Question 17 are presented in Table 2.2.

[89] John R. Lott, "Campaign Finance Reform and Electoral Competition," *Public Choice* 129, no. 3/4 (December 01, 2006): 263, accessed November 16, 2013, http://www.jstor.org/stable/25487597. ; Eom, "Contribution Limits and Disparity, 99.

[90] Thomas Stratmann and Francisco J. Aparicio-Castillo, "Competition Policy for Elections: Do Campaign Contribution Limits Matter?," *Public Choice* 127, no. 1/2 (April 01, 2006): 177, accessed November 16, 2013, http://www.jstor.org/stable/30026778.

[91] Thomas Stratmann, "Contribution Limits and the Effectiveness of Campaign Spending," *Public Choice* 129, no. 3/4 (December 01, 2006): 461, accessed November 16, 2013, http://www.jstor.org/stable/25487608.

[92] Mijeong Baek, "A Comparative Analysis of Political Communication Systems and Voter Turnout," *American Journal of Political Science* 53, no. 2 (April 01, 2009): 376, 387-88, accessed October 4, 2013, http://www.jstor.org/stable/25548124; Bradley A. Smith, "Faulty Assumptions and Undemocratic Consequences of Campaign Finance Reform," *The Yale Law Journal* 105, no. 4 (January 01, 1996): 1060, accessed November 16, 2013, http://www.jstor.org/stable/797246.

Table 2.2. Limits on the amount a donor can contribute to a candidate

Average Score	Entire Sample	Yes: Canada, Trinidad and Tobago, U.S., Papua New Guinea, France, Ireland	No: Botswana, Ghana, India, Jamaica, Malawi, Malaysia, U.K., Zambia, Mauritius, Australia, Malta	p-value, difference of means
EIU Overall	7.55	7.82	7.40	0.227
CPI	55	60	53	0.227
FH level of freedom	2.0	1.6	2.2	0.104

In this comparison we observe once again that countries with the regulation in question achieve better index scores on average than countries without them. The findings do not reach a meaningful degree of statistical significance in any of the indices. Comparing the "Yes" groups from Table 2.1 and Table 2.2, twice as many countries in the sample have contribution limits than have bans on corporate contributions to candidates. The commonality of contribution limits relative to the rarity of bans on corporate donations might be a manifestation of incumbent politicians' perceptions of how the regulations should affect their chances of reelection.

In addition to the public good, politicians will consider their own self-interest when voting on political finance regulations.[93] Incumbent politicians should be unlikely to vote for bans on corporate contributions because the bans would eliminate a source of funding that favors incumbents. Corporate donors typically give more to incumbents than

[93] Daniel H. Lowenstein, "On Campaign Finance Reform: The Root of All Evil Is Deeply Rooted," *Hofstra Law Review* 18, no. 2 (1989): 335-36, accessed November 16, 2013, http://scholarlycommons.law.hofstra.edu.

to challengers.[94] Contribution limits, on the other hand, advantage incumbents. They are associated with increased incumbent spending relative to challengers.[95] They make it more difficult for challengers to raise money because challengers usually do not have as many connections or the named recognition that incumbents have.[96] In an electoral system without a contribution limit, a few wealthy donors can propel a challenger to outraise his incumbent opponent. Incumbents also may benefit from contribution limits since they are associated with less overall spending. As overall spending increases in an election, the effects of diminishing marginal returns hurt incumbents more than challengers.[97]

The two countries with the lowest scores in the “Yes” group have contribution limits that they do not enforce. The inclusions of Papua New Guinea and Trinidad and Tobago in the “Yes” group worsen the group’s average scores across all three indices. Should the groups be divided based on comprehensive implementation rather than legislation, neither Papua New Guinea nor Trinidad and Tobago would be included in the “Yes” group and the difference in average scores would be more pronounced.

Papua New Guinea has a 500,000 Kina (approximately US $240,000) limit per election on the amount a donor can contribute to a candidate.[98] The 500,000 Kina limit is

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[94] Edwin M. Epstein, "The Emergence of Political Action Committees," ed. Herbert E. Alexander, Political Finance, 1979, 175, cited in Dan Clawson, Alan Neustadtl, and James Bearden, "The Logic of Business Unity: Corporate Contributions to the 1980 Congressional Elections," *American Sociological Review* 51, no. 6 (December 01, 1986): 798, accessed November 13, 2013, http://www.jstor.org/stable/2095368.
[95] Gross, "State Campaign Finance Regulations and Electoral Competition," 143.
[96] Michael Malbin, "Most GOP Winners Spent Enough Money to Reach Voters," *Political Finance and Lobby Reporter*, January 11, 1995, 9, cited in Smith, "Faulty Assumptions and Undemocratic Consequences,” 1072.
[97] Thomas A. Evans, "An Empirical Test of Why Incumbents Adopt Campaign Spending Limits," *Public Choice* 132, no. 3/4 (September 01, 2007): 437, accessed November 16, 2013, http://www.jstor.org/stable/27698155.
[98] For perspective, the next largest contribution limit in the sample is the €4,600 (approximately US $6,100) per donor per election cycle in France. See *Political Finance Database*, International IDEA, 2012.

over one hundred times as large as the nation's per capita GDP, leaving room for special interests to exercise influence.[99] Even this contribution limit is not enforced and donations are usually not disclosed.[100] It comes as no surprise that Papua New Guinea has the worst *CPI* corruption score out of all of the countries in this study's sample.

Papua New Guinea's public sector corruption extends well beyond political finance. Because most candidates do not regularly submit financial accounts, little evidence exists to indicate that campaign contributions are a source of corruption.[101] There is greater evidence of officials colluding directly with outsiders to siphon money out of the treasury.[102] This blatant corruption has been overlooked because the majority of government entities do not maintain adequate financial records.[103] The executive branch created a task force in 2011 to investigate corruption. The task force estimated that half of the government's budget between 2009 and 2011 was lost to corruption.[104] Bribery is widespread throughout the public sector. One survey indicates that a majority of citizens bribe public officials in exchange for government services.[105]

If political finance plays the same role as money does in the rest of Papua New Guinea' public sector, campaign contributions will allow outsiders to exercise improper political influence. Open vote buying is one of the most heavily documented forms of

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[99] *World Development Indicators*, The World Bank.
[100] *The Global Integrity Report*, 2007.
[101] Ibid.
[102] *Preying on Paradise*, prod. Kerry O'Brien, perf. Marian Wilkinson (Four Corners / ABC, 2013), accessed November 13, 2013, http://abc.net.au/4corners.
[103] *Freedom in the World: Papua New Guinea*, Freedom House, 2012.
[104] *Freedom in the World: Papua New Guinea*, Freedom House, 2013.
[105] "Survey Shows Bribery Still High," TIPNG News Room, July 31, 2013, accessed November 14, 2013, http://www.transparencypng.org.pg.

improper financial influence in the nation's politics.[106] Candidates have been known to spend up to one million Kina (approximately US $480,000) on their campaigns, handing much of this money out to voters. [107] Part of the problem is that Members of Parliament are often selected based on their capacities to provide money illegally to voters. The other side of this problem is how candidates raise this money. The state provides public funding to political parties that then fund candidates, but the amounts provided to parties are considered insufficient.[108] Candidates provide most of the funding for their own campaigns, consequently incurring high amounts of debt.[109] Who then relieves this debt? Most citizens contribute little to candidates, instead expecting candidates to give money to them. Wealthy individuals can make up for the shortage of campaign contributions, and reportedly provide funding "to create indebtedness and to ensure that the candidate is beholden to them should they win."[110] Some of these wealthy individuals are party leaders, who in this case create indebtedness to be repaid when the leaders seek the party's nomination for prime minister.[111]

Trinidad and Tobago has a limit on the amount donors can give to *candidates,* but unlike the rest of the countries in the "Yes" group Trinidad and Tobago does not have a

[106]Henry T. Okole, *A Critical Review of Papua New Guinea's Organic Law on the Integrity of Political Parties and Candidates: 2001–2010.*, technical paper (Canberra: ANU College of Asia & the Pacific, School of International, Political and Strategic Studies, State, Society and Governance in Melanesia Program, 2012), 6, accessed November 14, 2013, http://hdl.handle.net/1885/9853; R. J. May et al., eds., *Election 2007 the Shift to Limited Preferential Voting in Papua New Guinea* (Acton, A.C.T.: ANU E Press, 2012), 333-335.
[107] Matthew Allen and Zahid Hasnain, "Power, Pork and Patronage: Decentralisation and the Politicisation of the Development Budget in Papua New Guinea," *Commonwealth Journal of Local Governance*, no. 6 (2010): 10, accessed November 14, 2013, http://epress.lib.uts.edu.
[108] May, *Election 2007*, 6.
[109] *Papua New Guinea National Elections ; June-July 2012.* London: Commonwealth Secretariat, 2012. Accessed November 14, 2013.
[110] May, *Election 2007*, 335.
[111] Solomon Kantha, "Papua New Guinea," *The Contemporary Pacific* 25, no. 2 (2013): 403-415, http://muse.jhu.edu/ (accessed November 14, 2013), 407.

limit on the amount donors can give to *political parties*. This simple fact underscores the inequities of its regulatory system. In Trinidad and Tobago, donors can donate as much as they want to parties that, in turn, support some of their candidates. Political finance rules in Trinidad and Tobago are outdated. Although political parties now dominate electoral politics, they did not when the rules were first adopted. Party officials estimate that parties collectively spend around US $4 million per election cycle, but their spending is not regulated because the state does not officially recognize them.

In 2009, Trinidad and Tobago Senator Wade Mark said, "When it comes to the prevalence of illegal political donations, Trinidad and Tobago scores high," and Senator Corinne Baptiste-McKnight added, "There are loopholes so wide that a novice driver could run a tractor trailer through the legislation."[112] Donors often give directly to party leaders or their assistants, "and no attempt is made to formalize the transaction or insist on accountability." [113] The Attorney General convened a Law Reform Commission in 2001 that recommended instituting a system of registration for political parties, but such a system still does not exist.[114] Widespread corruption in government contracting is a probable symptom of insufficient legislation and enforcement.[115]

The cases studies and literature examined might lead to the assumption that contributions limits would be associated with worse index scores. However, the findings from Question 17 show a positive (but not statistically significant) relationship between

[112] Ramesh Deosaran, Prof, "Campaign Finance in Motion," *Trinidad and Tobago Newsday*, May 12, 2013, accessed October 10, 2013, http://newsday.co.tt.
[113] Selwyn Ryan, "From Grassroots to the Airwaves: Paying for Political Parties and Campaigns in the Carricbean," *OAS Inter-American Forum on Political Parties*, June 2005, 29, accessed October 10, 2013, http://www.oas.org.
[114] Ryan, "From Grassroots to the Airwaves, 30-32, 36.
[115] Kris Rampersad, "Reporter's Notebook: Trinidad and Tobago," Global Integrity Report, 2009, accessed October 11, 2013, http://report.globalintegrity.org.

index scores and contribution limits. The case studies are not representative of the “Yes” group, and contribution limits should have more of an effect if enforced. When they are enforced, contribution limits have been shown to cause problems of their own. When contribution limits are low and unaccompanied by expenditure limits, the “effect is much like giving a starving man unlimited trips to the buffet table but only a thimble-sized spoon with which to eat: chances are great that the constricted means to satisfy his appetite will create a singular obsession with consumption.”[116] This obsession with fundraising is observed in the U.S. where members of congress are estimated to spend between 30 and 70 percent of their time fundraising.[117] Contribution limits restrict the supply of political finance while ignoring the demand for it. The next chapter addresses provisions that instead address demand for contributions by providing public subsidies.

[116] Samuel Issacharoff and Pamela S. Karlan, "The Hydraulics of Campaign Finance Reform," *Texas Law Review* 77, no. 7 (1999), Questia.
[117] Lessig, *Republic, Lost,* 138.

Chapter 3: Public Subsidies

So far the study has focused on laws that regulate private money in politics. This chapter explores public subsidies. The first section is about provisions for direct public funding for political parties. France and Malawi are employed as case studies of direct public funding systems. The second section is about provisions for free or subsidized access to media for candidates, and the same provisions for parties. Direct public funding for political parties achieves statistically significant positive relationships with scores across all three indices. Provisions for free or subsidized access to media for candidates and parties are negatively related to index scores from two indices, but none of these relationships achieve a meaningful degree of statistical significance. Malawi, Ireland, and Zambia provide contrasting examples of the administration of provisions for free or subsidized access to media for parties and candidates.

3.1 Direct public funding for political parties

Public subsidies are provisions more than they are regulations. Most political finance regulations restrict spending and therefore the overall amount of political speech. Political funding, however, can increase overall spending and the amount of political speech.[118] In many countries the private market does not offer adequate funding for parties and candidates. Parties and candidates can hardly communicate their ideas without adequate funds. Political parties are essential for the expression of political pluralism, and money is one of the most essential resources for political parties.[119] Public funding supplements the funds of political parties in order to encourage pluralism. Public funding also aims to curb demand for private political funding and its accompanying vices.[120] So instead of controlling money on the supply side of politics like most regulations, public funding aims to reduce the demand for private (and potentially corrupting) contributions.[121] If public funding reduces demand for private funding, large donors should have less bargaining power to hold over politicians.

For the purposes of this study, public funding is defined as the provision of government resources to eligible political stakeholders.[122] Pluralism refers to the diversity of opinion that can be meaningfully expressed through political means. The

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[118] David M. Primo and Jeffrey Milyo, *The Effect of Campaign Finance Laws on Turnout, 1950-2000*, working paper no. 04.10, 2006, accessed November 19, 2013; Baek, "A Comparative Analysis," 380.
[119] Ingrid Van Biezen, *Financing Political Parties and Election Campaigns: Guidelines* (Strasbourg: Council of Europe, 2003), 11-12, accessed November 21, 2013, http://www.coe.int.
[120] Ohman, *Political Finance Regulations Around the World*, 23.
[121] Justin A. Nelson, "The Supply and Demand of Campaign Finance Reform," *Columbia Law Review* 100, no. 2 (March 01, 2000): 552, accessed November 8, 2013, http://www.jstor.org/stable/1123475.
[122] Magnus Ohman, "A Brief Introduction to Public Funding of Political Parties and Election Campaigns," proceedings of Workshop on Public Funding of Political Parties, Imperial Garden and Villa Hotel, Phnom Phen (International Foundation for Electoral Systems Funding, 2011), 1, accessed October 24, 2013, http://magnusohman.net.

term “political actor” refers to both political parties and candidates. The word “pluralism” has been criticized for its ambiguity, but its ambiguity applies fittingly to international studies because its manifestations often change depending on context.[123] Pluralism is generally associated with opposition to monism and the idea that political power should be disbursed among multiple parties.[124]

Ideally, public funding for parties would encourage pluralism by providing voters with more viable alternative options. When alternative parties have more money to spend, they have more to distribute among their candidates. When challenging candidates have more money to spend on elections, it is more feasible that they will be elected so more should compete. At least at the state level in the U.S., direct public funding has been shown to increase electoral competition and voter turnout.[125] Incumbent reelection is usually secure, so increasing electoral competition should make incumbents more vulnerable and accountable to the electorate.[126] Another benefit of public funding is that it can reduce the amount of time legislators spend fundraising, giving them more time to legislate and communicate with constituents of all social classes.[127] In countries that do not strictly regulate public funding, the provision can have the opposite of its intended

[123] Gregor McLennan, *Pluralism* (Buckingham: Open University Press, 1995), cited in Kari Karppinen, Rethinking Media Pluralism (New York: Fordham University Press, 2013), 27, accessed November 20, 2013, Questia.
[124] Kari Karppinen, Rethinking Media Pluralism (New York: Fordham University Press, 2013), 27, 31 accessed November 20, 2013, Questia.
[125] Patrick D. Donnay and Graham P. Ramsden, "Public Financing of Legislative Elections: Lessons from Minnesota," *Legislative Studies Quarterly* 20, no. 3 (August 01, 1995): 351, accessed November 20, 2013, http://www.jstor.org/stable/440225; Neil Malhotra, "The Impact of Public Financing on Electoral Competition: Evidence from Arizona and Maine," *State Politics & Policy Quarterly* 8, no. 3 (October 01, 2008): 263, accessed November 20, 2013, http://www.jstor.org/stable/40421613; Primo, *The Effect of Campaign Finance Laws on Turnout*, cited in Baek, "A Comparative Analysis, 380.
[126] Richard Briffault, "Public Funding and Democratic Elections," *University of Pennsylvania Law Review* 148, no. 2 (December 01, 1999), accessed November 20, 2013, http://www.jstor.org/stable/3312798.
[127] Peter L. Francia and Paul S. Herrnson, "The Impact of Public Finance Laws on Fundraising in State Legislative Elections," *American Politics Research* 31, no. 5 (September 2003): 520, accessed November 19, 2013, doi:10.1177/1532673X03256784.

effects. This is the case in Malawi where public funding reinforces the dominance of the ruling parties.

Public funding applies asymmetrically to different electoral systems. The legitimacy of its administration is probably the most influential variable, but the amount of private funding available to parties and candidates is also important. In U.S. presidential elections, where candidates must choose between public and private funding, public funding can hamper candidates' fundraising potential. Presidential candidates that accept public funding must forego the enormous amounts of money that private contributions can furnish. In 2012, Obama and Romney each raised around US $1 billion for their campaigns entirely through private contributions.[128] If either candidate had elected to take public funding, he would have been limited to spending a little over US $20 million.[129] Private contributions are harder to come by in nations with smaller economies, and public funding can help to alleviate scarcity of private funding. Public funding is nonetheless controversial wherever it is provided because it forces the economic burden onto involuntary participants. And in nations with scarce resources, there are more imminent needs for money than public funding for candidates and parties. In most countries, public funding is unpopular amongst the electorate.[130]

Question 19 asks whether or not countries have provisions for direct public funding for political parties, and Table 3.1 presents the findings. Countries in the sample with provisions for direct public funding achieve better index scores on average than

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[128] Jeremy Ashkenas et al., comps., "The 2012 Money Race: Compare the Candidates," *The New York Times*, accessed October 16, 2013, http://elections.nytimes.com.
[129] "Public Funding of Presidential Elections," Federal Election Commission, Expenditure Limits for Publicly Funded Candidates, accessed October 24, 2013, http://www.fec.gov.
[130] Michael Pinto-Duschinsky, "Financing Politics: A Global View," *Journal of Democracy* 13, no. 4 (October 2002): 78, accessed November 19, 2013, IFES.

countries without them. The differences between group averages reach statistical significance across all three indices.

Table 3.1. Provisions for direct public funding for political parties

Average Score	Entire Sample	Yes: Canada, Malawi, U.K., U.S., Australia, Papua New Guinea, France, Ireland	No: Botswana, Ghana, India, Jamaica, Malaysia, Trinidad and Tobago, Zambia, Mauritius, Malta	p-value, difference of means
EIU Overall	7.55	7.93	7.21	0.068
CPI	55	65	47	0.034
FH level of freedom	2.0	1.6	2.3	0.047

Out of the six questions individually analyzed in the study, this question provides the only case in which the findings reach statistical significance across all three indices. There are statistically significant relationships between 1) lower levels of corruption and direct public funding for political parties, 2) higher levels of freedom and direct public funding for political parties, and 3) higher levels of democracy and direct public funding for political parties. Perhaps direct public funding for political parties reduces corruption, increases levels of freedom, and increases levels of democracy. Extrapolating from this small sample size, public funding may be a more effective tool of achieving democratic goals than any of the other five regulations individually analyzed in the study. Alternatively, it is possible that politicians in countries with less corruption, more freedom, or more democracy are more likely to pass legislation to provide public funding for political parties.

In France, direct public funding of both parties and candidates has seemingly had a positive impact on democracy. Contrastingly, Malawi demonstrates how direct public funding for political parties can reinforce the dominance of ruling parties. The proportional thresholds that constitute eligibility requirements differ greatly between France and Malawi. When thresholds are too high, as they are in Malawi, the state shuts out minority opinions and reinforces the dominance of ruling parties. When thresholds are too low, as they were in France before the 1996 reforms, the system encourages parties to fragment and allows opportunists to abuse the system.[131]

French parties have found ways to take advantage of ambiguities in public political finance law. One scholar argues that parties are moving out of politics and into the lucrative industry of providing services for candidates where they can actually profit from campaigns. Parties charge candidates for the services they provide, and then seek public reimbursement for the same expenses. In 2008, the French political finance commission (CNCCFP) declined to compensate a party for the interest it had accumulated when it provided a loan to a candidate. The commission reasoned that the party had already received funding to finance candidacies, but the CNCCFP has no real legal authority of enforcement and its decision was subsequently overruled by the Conseil D'Etat. This ruling set a precedent for reimbursing the same expenses multiple times. In a later decision, the Conseil decided that, in addition to parties, candidates would be

[131] Ben Clift and Justin Fisher, "Comparative Party Finance Reform: The Cases of France and Britain," Party Politics 10, no. 6 (November 2004): 687, doi:10.1177/1354068804046913; Ohman, *Political Finance Regulations Around the World,* 24.

reimbursed for the interest on these loans. This decision set a precedent for the state to reimburse the same expense three times.[132]

The French provide performance-based funding to all parties that run candidates who garner over 1 percent of the vote in 50 districts or more (there are 577 legislative districts).[133] Parties qualify for additional funding based on the number of members that represent them in the federal legislative bodies. France also provides indirect public funding for parties by funding candidates, giving tax credits to contributors, tax reductions for to parties, and running free political advertisements on public television and radio. [134]

In France, public funding is the primary source of political party financing.[135] One scholar estimates that public funding makes up as much as 80 percent of major parties' operating costs. Actual calculations indicate a smaller proportion, but these calculations do not take into account most indirect funding.[136] The eligibility criteria inherently create barriers to entry, but the introduction of public funding in 1988 coincided with an increase in the number of parties that compete in French elections. The number of parties continues to grow. In 2000, there were 208 parties required to submit financial accounts, in 2007 there were 271, and in 2009 there were 295 (although only 211 made compliant

[132] Lou Brenez, "Parties as Competitive Public Utilities? The Impact of the Regulatory System of Political Financing on the Party System in France," in *Money, Corruption, and Political Competition in Established and Emerging Democracies*, ed. Jonathan Mendilow (Lanham, MD: Lexington Books, 2012), 48, 55.
[133] "General Elections in France - 2012," Législatives Assemblée Nationale, 2012, accessed October 17, 2013, http://www.elections-legislatives.fr.
[134] *GRECO Third Evalutaion Round: Evaluation Report on France, Transparency of Party Funding (Theme II)*, report, February 19, 2009, Political financing system, accessed October 14, 2013, http://www.coe.int; France, Assemblée Nationale, Service Des Affaires Internationales Et De Défense, February 2013, The Financing of Political Life: Political Parties and Election Campaigns, accessed October 16, 2013, http://www.assemblee-nationale.fr.
[135] In 2012, about €75 million in public funding was distributed between over 40 parties. See Ibid.
[136] Brenez, "Parties as Competitive Public Utilities, 46-48.

filings). In 2012 over 100 parties ran at least one candidate for the National Assembly and 10 parties ran legislative candidates in over 50 percent of French constituencies in 2012.[137] The number of parties receiving public funding has increased along with the overall number of parties. Twenty-three parties received public funding in 1993, 32 parties in 2002, and 54 parties in 2009.[138]

The French government uses public funding as a tool to create behavioral incentives. Through proportional allocation, the French distribution model has successfully motivated parties to produce more candidates. The number of legislative candidates almost doubled during the five years that followed the introduction of public funding.[139] Public funding lessens the financial burden on legislative candidates because they are reimbursed for personal contributions (up to half of the expenditure limit) if they receive over five percent of the votes cast in the first round. This five percent threshold benefits incumbents to some degree because they spend more money knowing they will be reimbursed. And although the reimbursement system removes the candidate's need to be personally wealthy to enter a race, wealthy candidates have the advantage once in the race because they can fully fund their own campaigns. [140]

Another incentive that France has generated through public funding is gender equality. Parties that produce nearly equal numbers of male and female candidates receive the full amount of public funding, but the state revokes a portion of public

[137] Florent Gougou and Simon Labouret, "Revisiting Data on the 2012 French Legislative Elections: Political Supply, Party Competition and Territorial Divisions," *French Politics* 11, no. 1 (2013): 87, accessed October 16, 2013, doi:10.1057/fp.2013.2.
[138] Susan E. Scarrow, "Party Subsidies and the Freezing of Party Competition: Do Cartel Mechanisms Work?," *West European Politics* 29, no. 4 (September 2006): 635, doi:10.1080/01402380600842148; *GRECO Third Evalutaion Round: Evaluation Report on France*, Statistics.
[139] Gougou, "Revisiting Data on the 2012 French Legislative Elections," 79.
[140] United States of America, Library of Congress, The Law Library of Congress, *Campaign Finance: France*, Regulation of Private Funding, accessed October 16, 2013, http://www.loc.gov.

funding when a party's gender gap is over two percent. In 2007, the Union for a Popular Movement's party list was made up of 435 men and 153 women. The 47 percent gender gap translated into a 23 percent reduction of public funding, nearly US $4 million. A stronger gender parity law has since been enacted. Under the new law, the party would have seen a 35 percent reduction of public funding in 2007.[141] Many parties do not comply and women currently make up only 27 percent of France's National Assembly.[142] Although it has not achieved equality, the gender parity law has coincided with a substantial proportional increase in female legislators. When the first gender parity law was passed in 2000, women made up only 11 percent of the National Assembly.[143]

Out of the eight countries in the sample that have direct public funding for political parties, three of them (France, Ireland, Papua New Guinea) use public funding to promote gender equality in party lists. The specifications of gender equality laws differ between countries because the rules must coexist with the realities of gender biases in each country. Ireland's gender parity law is more ambitious than France's in its punishment for failure to comply, but less ambitious in the proportion of female candidates it requires on party lists. The punishment for failing to comply with Ireland's gender parity law is a 50 percent reduction of a party's public funding, but the law only requires 30 percent of a party's list to be female candidates. [144] The law stipulates that the

[141] Alexandra Léchenet, "Les Manquements à La Parité Coûtent Cher Aux Partis," *Le Monde*, May 22, 2012, accessed October 15, 2013, http://www.lemonde.fr.
[142] Mariette Sineau, "Institutionalizing Parity: The French Experience," *International Idea*, 2002, 128, http://www.idea.int; "France," *QuotaProject: Global Database of Quotas for Women*, accessed October 17, 2013, http://www.quotaproject.org.
[143] *World Development Indicators*, The World Bank.
[144] *Political Finance Database*, International IDEA, 2012.

quota will increase to 40 percent sometime after the next election.[145] Following the 2011 elections, women constituted only 15 percent of the lower house in the Republic of Ireland, but the law was not yet in effect at that time.[146]

Papua New Guinea's gender parity law is not ambitious but it is realistic considering the country "ranks very low in all global indicators advancing gender equality."[147] Instead of punishing parties that do not comply (like France and Ireland), the government rewards those that do. The government of Papua New Guinea rewards a fixed sum of money to parties for every female candidate on their list that receives over 10 percent of the votes cast in an election. Punishment may be a better motivator than reward in the case of gender parity laws; only three of 111 parliament members are women following the 2012 parliamentary elections. Although this number represents a three-fold increase from proportional female representation in the last parliament, it was the first increase observed since the law's enactment in 2003.[148]

Malawi is a good example of a country where the eligibility criteria for public funding reinforce the dominance of ruling parties. By law, a party must win 10 percent of the national vote in order to receive public funding. In practice, a party must win 10 percent of parliamentary seats in order to receive government funding.[149] However the law is applied, this threshold has proven too high to engender the development of a

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[145] "Ireland: Political Gender Quota to Rise to 40 percent after Election," *Irish Times*, June 1, 2011, accessed October 24, 2013, http://www.irishtimes.com.
[146] *World Development Indicators*, The World Bank.
[147] "Papua New Guinea," UN Women Pacific, accessed October 19, 2013, http://unwomenpacific.org.
[148] *World Development Indicators*, The World Bank.
[149] Svåsand, "Regulations of political parties," 18.

competitive multiparty electoral system.[150] Since Malawi's democratic transition in 1994, there have been two presidents elected in four presidential elections. A single party was victorious on three of four occasions. The reason the party did not win all four contests was that the popular incumbent, President Mutharika, created a new party and won a second term under its banner. Legislative elections following the democratic transition were dominated by two parties from 1994 to 2009. One-party dominance followed the 2009 election, when Mutharika's newly-created DPP won 113 of 193 seats in the National Assembly while the party that came closest won only 27 seats. [151]

The public funding legally provided in Malawi may not significantly increase funding for ruling parties. Since there is a lack of both laws and transparency, nobody really knows how public funding is distributed.[152] The public funding granted to parties supposedly does not cover the costs of maintaining a party organization or financing electoral campaigns. So what does it cover? The Constitution states that the government must provide each party that meets the threshold with "sufficient funds to continue to represent its constituency."[153] Public funding does not cover all of each party's costs. Citizens contribute little, so parties must rely on sponsors that are often business interests. There is high demand for contributions relative to supply, so opportunities to influence politics present themselves to business interests and wealthy individuals. A dangerous

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[150] Magolowondo, Augustine. *In pursuit of fairness: Making the case for revisiting financing of political parties in Malawi* (Paper presented at Africa Regional Conference on Legal frameworks governing political parties; the Case of Party Financing, White Sands Hotel, Dar es Salaam,10-12 July 2012).
[151] Siri Gloppen and Fidelis E. Kanyongolo, "Judicial Independence and the Judicialisation of Electoral Politics in Malawi and Uganda," in *Accountable Government in Africa: Perspectives from Public Law and Political Studies*, ed. Danwood M. Chirwa and Lia Nijzink (New York: United Nations University Press, 2012), 45-46, http://site.ebrary.com.
[152] "Malawi: Party Funding," EISA, June 2006, State Funding, accessed October 18, 2013, http://www.eisa.org.
[153] Constitution of the Republic of Malawi, 1994, Art. 40, Sect. 2.

phenomenon resulting from the vacuum of party resources is the practice of leaders funding their own parties. This financial support gives the leaders a disproportional amount of decision-making power. To make this worse, a party leader is usually in charge of the party's bank account.[154] Leader dominance hurts intra-party democracy in Malawi while fueling the individual political aspirations of wealthy individuals.[155]

In Malawi, the incumbent president has greater access to state resources (not public funding for parties) than do challengers because his campaign is regarded as part of national affairs. According to the leaders of opposition parties, the incumbent party is always well financed relative to opposition parties. The incumbent party can take advantage of the lack of laws that discriminate between the ruling party and the state.[156] In 2009, the incumbent party was able to pay the nomination fees for all of its candidates, while candidates from other parties often paid their own fees.[157] The incumbent party in the 1999 and 2004 elections used government vehicles to conduct campaigns and handed out money at rallies. Although both practices are illegal, the Malawi Electoral Commission (MEC) did not take any action.[158]

Even under these conditions, the number of parties has increased every election cycle since Malawi's 1994 transition to multiparty democracy. There were only eight registered parties in 1994. The number increased to 37 by the 2009 election. The increase in the number of parties misrepresents the extent of party pluralism because only 17 of

[154] Svåsand, "Regulations of political parties," 19.
[155] Blessing Chisinga, Dr. and Yamikani Chokhoto, *Centre for Multiparty Democracy: Sensitivities and Benefits of Paid Up Party Membership,* report, September 14, 2012, Findings of the Assessment, accessed October 20, 2013, http://cmdmalawi.com.
[156] Ibid.
[157] Svåsand, "Regulations of political parties,"14.
[158] Siri Gloppen et al., *CMI Report / The Institutional Context of the 2004 General Elections in Malawi,* report no. R 2006: 21, 2006, Election Results, http://www.cmi.no.

these parties nominated candidates during the 2009 election, and six of these 17 nominated a single candidate. Many of the parties that failed to nominate a single candidate remained in the registry because they had not officially self-dissolved.[159]

As observed in France, public funding can be an effective tool of encouraging more parties and candidates to participate in elections. It can also be used as an incentive to encourage desired behavior, as is the case with gender parity laws. However, when regulation of public funding is inadequate, as it is in Malawi, public funding can have the opposite of its intended effects. Without proper enforcement, public funding can reinforce the dominance of the ruling parties and/or waste precious state resources. As for index scores, the scores of the "Yes" group outperformed those of the "No" group across all three indices. The discrepancies between group scores reached a meaningful degree of statistical significance across all three indices. Public funding for parties is the only regulation in the individual analyses that achieves this positive and statistically significant relationship with scores from all three indices.

3.2 Free or subsidized access to media

This section of the chapter covers state-funded political media. Access to media is essential for parties to effectively communicate their ideas and platforms. Many of the same goals of direct public funding for political parties apply to publicly subsidized media. Pluralism, for example, is a principle commonly used to evaluate media performance in democracies. State-funded media has the potential to increase the number

[159] Svåsand, "Regulations of political parties," 10-14, 18.

of parties and candidates that can communicate effectively with the electorate. If it is to encourage more parties and candidates to enter the arena and increase competition, public funding must be distributed fairly.[160] Like direct public funding for political parties, state-funded media can provide opportunities for abuse. In many cases, ruling parties use state-funded media to and promote their own platforms while excluding opponents from doing so.[161]

Question 23 asks whether or not countries have provisions for free or subsidized access to media for *political parties,* and the findings are presented in Table 3.2. Question 25 asks whether or not countries have provisions for free or subsidized access to media for *candidates*, and the findings are presented in Table 3.3.

Table 3.2. Provisions for free or subsidized access to media for political parties

Average Score	Entire Sample	Yes: Ghana, India, Malawi, Trinidad and Tobago, U.K., Zambia, Mauritius, France, Ireland, Malta	No: Botswana, Canada, Jamaica, Malaysia, U.S., Australia, Papua New Guinea	p-value, difference of means
EIU Overall	7.55	7.40	7.77	0.295
CPI	55	52	60	0.203
FH level of freedom	2.0	1.9	2.2	0.33

[160] Kari Karppinen, Rethinking Media Pluralism (New York: Fordham University Press, 2013), 47, accessed November 20, 2013, Questia.
[161] Guy S. Goodwin-Gill, *Free and Fair Elections.* (Geneva: Inter-Parliamentary Union, 2006), 147, accessed November 12, 2013, http://www.ipu.org.

Table 3.3. Provisions for free or subsidized access to media for candidates

Average Score	Entire Sample	Yes: Ghana, Zambia, France, Ireland, Malta	No: Botswana, Canada, India, Jamaica, Malawi, Malaysia, U.K., U.S., Mauritius, Australia, Papua New Guinea	p-value, difference of means
EIU Overall	7.59	7.40	7.67	0.409
CPI	56	56	57	0.456
FH level of freedom	2.0	1.6	2.2	0.198

Of all the regulations individually analyzed in this study, free or subsidized access to media for candidates and for political parties are the only two provisions that are negatively related to index scores. The provisions are positively related to higher levels of freedom, but negatively related to both EIU Overall scores and *CPI* scores. None of these findings, however, reach statistical significance. The case studies of Malawi, Ireland, and Zambia demonstrate the potential for these provisions to have the potential to help achieve or be counterproductive to the goals.

Like the nation's system for direct public funding for political parties, Malawi's publicly-funded political broadcasting helps perpetuate the dominance of ruling parties. The publicly-funded Malawi Broadcasting Corporation (MBC) is legally required to maintain neutrality in political commentary and reporting and to provide all parties with equal broadcasting time. The Malawi Electoral Commission is charged with ensuring the impartiality of the MBC.[162] In practice, the Commission has no real authority to sanction the MBC and has never taken action against the MBC for its biased coverage. [163] During the 1994 election that signified Malawi's transition to multiparty democracy, the incumbent ruler of the one-party state, Malawi Congress Party, dominated coverage. The challenger, the United Democratic Front (UDF), still won both the presidential election and parliamentary elections. Running up to the following election in 1999, the incumbent UDF dominated media coverage. In 2004, the MBC gave 92.9 percent of positive election news to the three dominant parties that had arranged an alliance.[164] In 2009, the MBC gave the incumbent president's newly-created Democratic Progressive Party (DPP) over 90 percent of coverage. [165]

Two noteworthy high court cases confronted the MBC and the Malawi Electoral Commission for bias in political coverage. In one case, *Kafumba v. Electoral Commission and Malawi Broadcasting Corporation*, the court found the MBC guilty of bias in its radio coverage of the 1999 elections and ordered the MBC to broadcast unbiased coverage of campaigns. When no noticeable improvements were made by the 2004 elections, another case was brought against MBC and the Electoral Commission, *National Democratic Alliance v. Electoral Commission, MBC and TVM*. The complainants lost this case because they failed to provide substantive evidence, but the

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[162] Parliamentary and Presidential Elections Act 31, 1993, Art. 63, Sect. B.
[163] B. Chiyamwaka, "The Media: Political Players and Honest Brokers? Democracy in Progress. Malawi's 2009 Parliamentary and Presidential Elections," ed. M. Ott and F.Kanyongolo, (Blantyre, Kachere 2010): 339-364, cited in Svåsand, "Regulations of political parties," 15.
[164] Gloppen, *CMI Report / The Institutional Context*, 21.
[165] Catherine Musuva, "Appendix V: Interim Statement," in *The Malawi Presidential and Parliamentary Elections of 19 May 2009*, Election Observer Mission Report (Johannesburg: EISA, 2009), 35, accessed October 14, 2013, http://www.eisa.org.

Commission's own reports revealed bias in both TVM's and MBC's political coverage.[166]

The Republic of Ireland achieves the highest EIU Overall score in the "Yes" group of both Table 3.2 and Table 3.3. Ireland provides free access to media for both political parties and candidates. Irish Radio and Television (RTÉ) is Ireland's public broadcaster and main electronic media source. RTÉ owns two television channels and four radio stations that broadcast nationwide. RTÉ is responsible for providing free political broadcasting to parties and candidates. It allocates airtime to parties and candidates based on a complex equation that takes many factors into account. The equation is thorough enough to account for the size of the audiences viewing at the time of the broadcasts.[167]

The Broadcasting Authority of Ireland (BAI) is in charge of regulating all broadcasting in Ireland.[168] The Broadcasting Act of 2009 requires BAI to "sustain independent and impartial journalism."[169] It issues sanctions to private and public broadcasting stations that do not comply with standards. BAI takes its responsibilities seriously, publishing reports complete with public surveys on specific topics like public opinion on the broadcasters' code of conduct.[170] Ireland's public broadcasting system is relatively sound. In 2007, the ACE Project reported that "the media provided extensive

[166] Siri Gloppen and Fidelis E. Kanyongolo, *CMI Working Paper / The Role of the Judiciary in The2004 General Elections in Malawi*, working paper no. WP 2004: 16, 2004, Access to Media, http://www.academia.edu.
[167] *Ireland: Early Parliamentary Elections*, report (Warsaw: Organization for Security and Co-operation in Europe, 2011), 3, 9, accessed October 28, 2013, http://aceproject.org/.
[168] *Ibid., 9.*
[169] Broadcasting Act 18, 2009, Art. 25, Sect. 2(b).
[170] "Research Reports," Broadcasting Authority of Ireland, accessed October 27, 2013, http://www.bai.ie; The Republic of Ireland, Broadcasting Authority of Ireland, *Code of Fairness, Impartiality & Objectivity In News & Current Affairs Research*, July 2012, accessed October 28, 2013, http://www.bai.ie.

and balanced coverage of the election process, in particular the public broadcaster Irish Radio and Television."[171] The public often files complaints about coverage of politics and these complaints are dealt with comprehensively.

The Broadcasting Authority of Ireland provides a thorough service for addressing complaints. The BAI does not monitor stations' coverage on a daily basis, but instead investigates complaints, reasoning that opposing political forces will motivate public monitoring.[172] In 2010, BAI received 284 complaints (11 upheld) about RTÉ, and in 2011 BAI received 150 complaints (7 upheld) about RTÉ.[173] BAI is transparent on many levels, even providing extensive reports that evaluate individual complaints.[174] In 2012, a committee upheld a complaint and published a five-page report on the incorrect attribution of a tweet to a presidential candidate during a presidential debate. The committee required the guilty broadcaster to announce the committee's decision on television, but stopped short of a public hearing because the complaint was not of a serious enough nature.[175]

As is observed in Malawi, the governing party in Zambia reinforces its dominance through media. The problem is not only with public media, but with the government's regulation of all broadcasting. The ruling party has the ability to decide who is allowed

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[171] The ACE Project is part of the ACE Electoral Knowledge Network, "an online knowledge repository that provides comprehensive information and customized advice on electoral processes. The website contains in-depth articles, global statistics and data, an Encyclopedia of Elections, … and much, much more." It was established by IDEA, IFES, and UNDESA. See aceproject.org; *Ireland: Early Parliamentary Elections*, 3, 9.

[172] Ibid., 9.

[173] The decrease is attributed to a change in BAI's policy which now directs complainants to talk first with the individual stations before reporting the complaint to BAI. See "BAI Complaints about RTÉ 2011," RTÉ, accessed October 27, 2013, http://www.rte.ie.

[174] The Republic of Ireland, Broadcasting Authority of Ireland, *Broadcasting Complaint Decisions,* October 2013, accessed October 28, 2013, http://static.rasset.ie.

[175] The Republic of Ireland, Broadcasting Authority of Ireland, Compliance Committee, *Complaint Made By: Cassidy Law Solicitors on Behalf of Mr. Sean Gallagher,* , accessed October 27, 2013, http://www.rte.ie.

on air and who is not. On two occasions The Minister of Information and Broadcasting Services (MIBS) established media reform committees to recommend methods of advancing press freedom. Both committees recommended instituting an independent regulatory authority. Parliament created the Independent Broadcasting Authority (IBA) in 2002 to “promote a pluralistic and diverse broadcasting industry in Zambia,”[176] but the IBA hinders the development of what it was created to cultivate. The independence of the Authority is dubious; the IBA is set up and run by government officials. [177]

The Zambian government operates the dominant news service as well as the dominant media outlets, the Zambian News and Information Services (ZANIS) and the Zambian National Broadcasting Corporation (ZNBC). ZANIS provides press releases and information to the dominant media outlets.[178] ZANIS’ website says that it is both “the public relations wing of the government” and “the only mainstream media organization in Zambia.”[179] Under the Zambia National Broadcasting Corporation (Amendment) Act of 2002, the minister of MIBS was to appoint members to a committee that would then appoint the board of ZNBC. The minister of MIBS disagreed with the committee’s selections and refused to acknowledge the legal standing of the list. Court cases ensued, the minister won an appeal, and eventually parliament amended the ZNBC Act again in 2010. This amendment entirely removed the requirement that the minister set up a

[176] Zambia Independent Broadcasting Authority (IBA) Act**,** 2002**,** Section 5 (2) (b) (ii).
[177] "Mwamba Takes over as ‘Independent’ Broadcasting Authority Chair, Bans Muslim Radios," Zambian Watchdg, September 30, 2013, accessed October 29, 2013, http://www.zambianwatchdog.com.
[178] Christopher H. Chirwa, Jeanette Minnie, and Hendrik Bussiek, *Zambia Broadcasting Survey* (Johannesburg, South Africa: Open Society Initiative for Southern Africa, 2010), 2, 3, 42, 51, accessed October 28, 2013, http://www.afrimap.org.
[179] "About ZANIS," Zambia News and Information Service, accessed October 28, 2013, http://www.zanis.com.zm.

committee to make appointments. The minister still has total control over appointments to the board of ZNBC.[180]

According to Zambia's Electoral Code of Conduct, all public television and radio broadcasters must allocate electoral coverage equally between parties.[181] In the 2011 elections, public media was perceived to be biased in favor of the ruling party. The main opposition party, the Patriotic Front (PF), boycotted the 2011 presidential debates held on ZNBC TV and ZNBC's Radio 2. Because of this boycott, the PF only received 4-8 percent of election coverage on these two channels despite being the main opposition party. The incumbent MMD party received 37 percent of election coverage, and three other parties receive received 21 percent, 7 percent, and 6 percent. On all radio and television stations managed by ZNBC combined, the ruling MMD received between 70-76 percent of political coverage, the PF received between 9-15 percent, and all other parties received negligible coverage proportionally. Commercial broadcasters allocated time more evenly, but in general private media was perceived to be biased in favor of the PF (now the ruling party).[182] This split in media bias appeared in newspapers, radio, and television.[183]

The ZNBC operates three radio stations and two television stations. According to its guidelines, it is ZNBC's policy to allow only the ruling party to address the nation. Only in "special circumstances of an emergency nature" can the leader of the opposition

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[180] Chirwa, *Zambia Broadcasting Survey*, 12-14.

[181] *Political Finance Database*, International IDEA, 2012.

[182] Miguel De Brito, "The Post-Election Phase," in *Presidential, Parliamentary, and Local Government Elections*, by Cecile Bassomo, Zambia ed., Election Observer Mission (Johannesburg: EISA, 2011), 19, accessed October 29, 2013, http://www.eisa.org.za.

[183] "Election Campaign and Media," in *Zambia General Elections*, Report of the Commonwealth Observer Group (London: Commonwealth Secretariat, 2011), 21; *European Union Election Observation Mission to Zambia: Final Report on the General Elections*, report, 2011, Media and Elections, accessed October 28, 2013, http://eeas.europa.eu.

address the nation. The guidelines even acknowledge that "ZNBC has, time and again, been accused of not giving balanced coverage of political parties in news and current affairs programmes during election campaigns."[184] Opposition parties and NGO's have often criticized the ZNBC for promoting the views of the ruling party at the expense of everyone else's opinions. A media monitoring report analyzed one randomly selected week of ZNBC TV News in 2009 and found that two-thirds of the news time was dedicated to government news, providing significant opportunity for abuse.[185] According to one survey, 43 percent of respondents believed ZNBC TV held the government accountable to the public, whereas 70 percent believed that private stations did so. In the same survey, only 34 percent felt that content on ZNBC TV was independent of government influence and only 19 percent thought ZNBC radio was independent of government influence. [186]

According to Freedom House, the new ruling party in Zambia was supposed to help reduce media bias following the transfer of power from the MMD to the PF in 2011. The situation did not improve and the bias in print media became even worse following the 2011 election. The main opposition newspapers favored the PF before the transfer of power and continue to favor the party following the transfer. Publicly-funded newspapers began to favor the PF when the party took control of government. Now, all major print publications favor the government party.[187]

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[184] ZNBC, *Producers' Guidelines* , cited in Christopher H. Chirwa, Jeanette Minnie, and Hendrik Bussiek, *Zambia Broadcasting Survey* (Johannesburg, South Africa: Open Society Initiative for Southern Africa, 2010), 89, 90, accessed October 28, 2013, http://www.afrimap.org.
[185] Chirwa, *Zambia Broadcasting Survey*, 89, 90, 96, 105-108.
[186] The Steadman Group, Audience Research Survey, Lusaka, 2009, cited in Ibid., 73, 101.
[187] *Freedom of the Press,* Freedom House, 2012; Ibid., 2013.

Ireland’s public media is the only system analyzed in this chapter that affords relatively fair coverage to all parties. In Malawi and Zambia, where the ruling parties dominate political coverage, public media has been counterproductive to pluralism and fair elections. Out of the six regulations individually analyzed, the only regulations that result in better scores for the “No” groups than the “Yes” groups are provisions for free or subsidized access to media for political parties and the same provisions for candidates. The cases of Malawi and Zambia provide insight into why countries without free or subsidized media access for parties and candidates achieve higher index scores on average than countries without these provisions. When resources are allocated mostly to ruling parties, public funding cannot achieve its purposes.

Conclusion

In conclusion, the study finds mostly positive but statistically insignificant relationships between index scores and regulations. Using the first method of comparison, I find that the overall number of political finance regulations in a country is positively correlated to that country's index scores across all three indices. However, none of these correlations reach a meaningful degree of statistical significance. The implications of the findings from the first method of comparison are limited due to measured statistical significance and the uncontrolled-for extraneous variables that impact scores. Findings from the first method of comparison do not warrant much attention, but the second method of comparison finds relationships that reach a meaningful degree of statistical significance.

Four of the six regulations individually analyzed are positively related to index scores in all three indices. Two of these regulations achieve statistically significant relationships with index scores: public funding for political parties and institutions that examine financial reports and/or investigate violations. Interestingly, both of these regulations are not exactly regulations, but they do fit into political finance regulatory systems. Public funding for political parties is a provision of government resources that aims to decrease demand rather than restrict supply. As opposed to most restrictive regulations, public funding often increases overall spending and therefore the amount of political speech. The case of France makes for a good example of the positive effects that public funding can have on democracy, whereas Malawi exemplifies the opposite. Institutions that examine financial reports and/or investigate violations are also not really regulations, but like regulations they are usually created by legislation and they are intended to restrict the flow of money in politics. Although countries that have these institutions tend to achieve better index scores, Ghana shows how ineffective they can be.

As for bans on corporate contributions, limits on the amount donors can give to candidates, and free or subsidized access to media for both *candidates* and *parties*, none of these regulations achieve statistically significant relationships with scores from any of the three indices. The case of the U.S. reveals that even countries with bans on corporate contributions may still allow corporations to spend enough money trying to influence politics to trigger public suspicion. Papua New Guinea and Trinidad and Tobago provide examples of how contribution limits are ineffective if they are not enforced. Academic literature points out and usually criticizes the effects that contribution limits have when they are enforced. Ireland exemplifies how free or subsidized access to media for political actors can contribute to political pluralism when properly enforced. Free or subsidized access to media for both *candidates* and *parties* are the two regulations that are negatively related to index scores (except for levels of freedom). The cases of Malawi and Zambia show how these provisions can have the opposite of their intended effects, where they reinforce the dominance of ruling parties while subduing the voices of the opposition.

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