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| **Political Roundup: Fixing the problem of money in politics** New Zealand has a problem with money in politics. National and NZ First have been the subject of Serious Fraud Office investigations. And now that Labour mayors Phil Goff and Lianne Dalziel have been added to the list of fraud investigations, this should cement in the fact that we have a problem across the political spectrum, and at central and local government levels. But what to do about the problem? A debate is now underway about how to fix the problem of money in politics. I’ve written an opinion piece for The Guardian, arguing that we can’t trust the politicians to fix this, because their self-interest is precisely what has led to a situation where poor regulation allows wealthy interests to dominate the political process – see:[Vested interests in New Zealand politics are too big to ignore – we need a Royal Commission](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=ea46db32ec&e=33257ad5dd). We’re way beyond the point where tinkering is an option, and I suggest that we can learn from the way that MMP was developed as a solution to problems with our old electoral system: “In the 1980s when a crisis of confidence was developing about the old First-Past-the-Post electoral system, the Labour Government of the time did the right thing by establishing The Royal Commission on the Electoral System. This made the case for our MMP system, which was eventually adopted by voters in a referendum. It’s time for a new Royal Commission to take the problems of vested interests in politics out of the hands of politicians and come up with a fundamental rethink of how to deal with money in politics.” Danyl Mclauchlan has also written about politicians being part of the problem: “It’s because they literally write the laws, and get to decide what is and is not legal, so the laws around political donations have been written with massive loopholes allowing parties to accept large donations and conceal the identity of the donors” – see: [**The donations mess reveals a vacuum in our political system. Who will fill it?**](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=ef81b5731a&e=33257ad5dd). He argues that “it’s not in the short-term interest of any party in parliament to seriously fix our donation regime”. The problem is also made worse, Mclauchlan argues, by the lack of anti-Establishment forces in politics that might rally for major reform. In the past, this role might have been taken on by NZ First and the Greens, but both are hamstrung by current events or are no longer so radical: “now the Green Party occupies an ideologically incoherent space bounded by technocratic centrism and campus wokeness, characterised by an obsequious, fawning fear towards Peters and New Zealand First.” Former United Future leader Peter Dunne has said we simply won’t get the necessary reform of wealth in politics because of politician self-interest, and he suggests any likely reform of donation rules will only produce more loopholes and workarounds – see: [**Chances of transparent election campaign funding are close to zero because the politicians who call for it really don't want it**](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=7e4f20b7fa&e=33257ad5dd). Here’s Dunne’s main point: “the more the rules are tightened and tinkered with, the more bureaucratic checks that are imposed, the one certainty is the more politicians and political parties will simply engage in even more elaborate ways of getting around them. And the more we should come to expect election years being clouded by the types of funding controversies we are seeing already this year.” Of course, there has been reform of donation laws in the past, and this hasn’t halted the problems or prevented scandals. For more on this, see Max Rashbrooke’s[A brief history of New Zealand donations scandals](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=5dc4f1c94a&e=33257ad5dd). Rashbrooke concludes: “Past reformers have contemplated fixing all these weaknesses, but have ultimately shrunk back from the task. In the light of the accelerating pace of scandals, that stance is increasingly untenable.” So, will we get reform? There are an increasing number of voices calling for big change, including a global anti-corruption watchdog – see Yvette McCullough’s[Transparency International warns need for political funding reform is urgent](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=02b4cb309a&e=33257ad5dd). According to this, “Transparency International is warning the need to reform political funding structures is more urgent than ever - and that complacency is leaving the country more vulnerable to corruption.” However, the same article quotes Jacinda Ardern denying New Zealand has a problem: “That is not the New Zealand politics, that is not the New Zealand democracy I know. So actually I do reject that, I reject that strongly.” It is also reports that an independent inquiry is unlikely: “Although Ardern promised to look at electoral finance laws if she was re-elected, she was inclined to have an in-house review through the normal select committee process.” **Proposed solutions** One of the more radical proposals for reform comes from Peter Dunne, who suggests radical transparency, in which all donations are publicly declared: “all the financing provisions of the Electoral Act could be abolished and replaced with one simple overarching provision: every donation made to a candidate or a political party, whether in kind or cash, from overseas or within New Zealand, whether it be $1 or $1,000,000, should be fully disclosable.” Dunne also argues that there is already generous state funding of political parties, via the backdoor of parliamentary resources. These are exploited, Dunne says, with the multi-million-dollar budgets actually spent on electioneering, all without any real oversight. He suggests: “a simple requirement for every MP and their party to file an annual audited return of their specific Parliamentary expenditure. The public would quickly prove to be far better monitors of what was reasonable use of public funds by politicians than any set of confusing, ambiguous and often contradictory Parliamentary rules could ever be.” Most other writers on the topic suggest bans or limits on donations to parties. For example, Action Station’s Laura O'Connell Rapira argues for a cap of $1000 per year being put on donations, and she suggests banning donations from certain industries that create “harm” – anyone who invests in, say, property, pornography, or banking could be disqualified from donating – see: [**To build a new politics, we must break the grip of big money**](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=7130dd21b3&e=33257ad5dd). O'Connell Rapira also champions greater use of a little-used mechanism for fundraising – the Protected Disclosure regime administrated by the Electoral Commission: “Currently, the Electoral Act contains a mechanism for anyone wanting to donate to a political party and not wanting their identity disclosed. The clincher? If you want your donation to be anonymous to the public it also has to be anonymous to the party receiving the donation. How it works is that the Electoral Commission aggregates all of the donations and passes them on to parties. The Commission does not identify the dollar amount of individual donations, or the number or names of donors.” In fact, this mechanism could be greatly expanded and even made compulsory, according to Liam Hehir, who has long-championed this as the best way to allow donations to occur but without donors being able to gain leverage with the politicians – see:[A step by step guide for compulsory anonymity in political donations](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=38ab02f948&e=33257ad5dd). In his column, Hehir explains: “The basic concept is to funnel all political contributions through a process that makes it impossible for political parties to know who their donors are. The goal is to reconcile the privacy interests of donors with the legitimate right of the public to assurance their democracy is not for sale.” Similarly, Andrea Vance has written that politicians simply can’t be trusted to write the rules of fundraising or even to be part of the fundraising process: “As long as there are secret donations and opaque rules, there will be fundraising scandals. Politicians write the rules they so blatantly flout. The parties manage their own accounts and the cash that flows into them. Now it's pretty obvious they can't be trusted, it's time to take away that power and ban them from accepting donations directly. Is it time to change the laws to keep politicians in the dark over electoral donations?” – see: [**Keep politicians in the dark over election donations**](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=3ef3f85f69&e=33257ad5dd). There are also calls to ban all donations and replace them with taxpayer-funded resources. That’s essentially the argument of Cat MacLennan, who cites the use of state-funding in many other countries – see: [**Time for state-funded political parties to replace donations**](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=cbee2232eb&e=33257ad5dd). She does point out that hasn’t necessarily fixed the problem elsewhere, and therefore additional controls on donations are also needed. Like others, MacLennan emphasises the need for large-scale reform that isn’t stymied by politician self-interest: “MPs have made numerous changes to donation laws over the years, but their common characteristic has been that they have effectively amounted only to tinkering. They have failed utterly to address key concerns, or to prevent parties from doing their best to hide donors' identities.” A variation on the state funding proposal is made today by Elisha Watson, who outlines how “democracy dollars” could allow citizens to choose which parties to give taxpayer-funded vouchers to – see: [**A novel way to fix our broken political donations system: flood the market**](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=23b9034ce5&e=33257ad5dd). Watson is unimpressed with the other calls to regulate donations, using the “hydraulic theory of money” to point out that inevitably all such regulations fail, and money gets through in the same way that water eventually gets through the ground. Here’s her argument: “Any clever person seeking influence through money will simply redirect their dollars elsewhere to another point of influence that is currently unregulated – people will then grow outraged about this, new regulations flow, and then the dollars flow to the next influence point, and so on. One option is simply stop fighting – but instead of giving up, do exactly the opposite. Flood the market (in this case the market for political donations) with dollars so that even if rich people did make donations in search of influence, it wouldn’t even matter because politicians would be swimming in a proverbial pool of money.” Former Labour MP Tim Barnett also points to democracy vouchers as a potential way forward, and cites their use in Seattle city elections last year in which voters were issued with $25 vouchers to give to whatever candidate they wished – see: [**Political party funding in New Zealand**](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=a79d75bbef&e=33257ad5dd). Barnett’s analysis goes much further than this, and says the problem of money and politics requires “fresh thinking coming from outside the parties”. He proposes six criteria for which to judge the current system, which mostly fails in his view. Overall, he argues, the political funding system here doesn’t work well: “In short, we have ended up with the worst of both worlds – a system full of holes and inconsistencies where the risk of corruption is real, and a skewing towards resourcing the Parliamentary side of organised politics.” There is a school of thought that all the calls for reform are misplaced, given the various investigations by the Electoral Commission and the Serious Fraud Office shows the wheel of justice are in motion. This is essentially the argument of a recent editorial in The Listener, which says we simply need the political parties to obey the law – see: [**A simple way to clean up the political donations mess**](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=b2329b66d8&e=33257ad5dd). Here’s the magazine’s main point: “Just because parties and individuals sometimes fall foul of electoral law does not automatically mean the law needs “reform”, just as restaurants falling foul of hygiene regulations does not necessarily mean there is something wrong with the regulations. Improving compliance with electoral law should be political parties’ first response to problems with handling donations. From the public perspective, seeing parties and individuals charged and/or investigated indicates that the law is working just fine. The area of donations feels messier than usual partly because of some good investigative reporting by RNZ into donations to the New Zealand First Foundation.” Finally, for the ultimate big picture discussion on why this all matters, see Andrew Geddis’ [**Money talks:** **Why the donations crisis goes to the heart of trust in our politics**](https://criticalpolitics.us16.list-manage.com/track/click?u=c73e3fe9e4a0d897f8fa2746e&id=29e4b8eed3&e=33257ad5dd).   |

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