



RESPONSE TO HAYDEN PHILLIPS: WHY WE SHOULD SAY NO TO TAXPAYER-FUNDED PARTIES

TPA STATEMENT ON PARTY FUNDING

Matthew Elliott, Chief Executive of the TaxPayers' Alliance, said:

“Taxpayers should not be forced to pay the operating costs of political parties. Many people are already repulsed by what they see as the negativity and cynicism of modern politics with its relentless focus on expensive polling, focus groups and spin doctors. Forcing ordinary people to actually pay for these things will only make them more disillusioned with politicians and the political process generally and these costs must continue to be paid for by political parties themselves.”

The scale of what Hayden Phillips has recommended should not be overlooked. The cost to taxpayers of State funding of the main parties – even if the minimum recommended by Hayden Phillips is kept to – would be £125 million every single Parliament. If these proposals had been in place in 1997 the total bill to the taxpayer up until now would be a quarter of a billion pounds – enough to pay for ten thousand extra nurses.”

FOR MORE INFORMATION, PLEASE CONTACT:

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**Campaigning for lower taxes
because it's our money**

KEY ARGUMENTS AGAINST TAXPAYER-FUNDED PARTIES...

1. Taxpayers already pay generously for parties and the political payroll.

As the Hayden Phillips report notes, the taxpayer already pays roughly £2 million a year to the main political parties, in cash for Policy Development Grants and in kind for free media time for political broadcasts (p.17). However, the political payroll (separate from the cost of MPs salaries and Parliament) is also a cost borne by taxpayers. As the TaxPayers' Alliance paper – *The Political Payroll in 2006*, by William Norton shows – *the total cost to taxpayers of employing Ministers and their special advisers in the Government in 2005/6, including pensions and benefits, was £16 million*. The full report is available at www.taxpayersalliance.com.

2. The public should not have to pay £millions more for cynical, professional campaigning – full stop.

Taxpayers already pay for the operation of Parliament and for Ministers and their special advisors. They pay for MPs, their researchers, their secretaries and their expense accounts. Within reason, although the system is too expensive, this type of expenditure can be justified. But what the parties themselves do is completely different. Political parties are – as they have to be – propaganda machines and they should not be paid for by the taxpayer. So much of what the parties do is focused on the creation and delivery of simple messages to best spin the public. This process involves hundreds of thousands of pounds worth of opinion research, marketing and branding (see below). Most people seem to find the process of politics – with its focus on negative campaigning – distasteful. So why should the public pay for parties to spin them better?

3. Hayden Phillips is proposing a big new burden on the taxpayer.

The scale of what Hayden Phillips has recommended should not be overlooked. In Appendix 3 of the report (p.29), he estimates that the annual cost of State funding for the political parties will not exceed £25 million annually. But this means that the cost to taxpayers of State funding of the main parties – even if the minimum recommended by Hayden Phillips is kept to – would be *£125 million every single parliament*. If these proposals had been in place in 1997 the total bill to the taxpayer until now would be a quarter of a billion pounds – enough to pay for ten thousand extra nurses.

4. It takes us further away from the real solution: more local power and more local participation in politics.

The best long-term answer to the difficulties of funding political parties would be to encourage more people to engage in the political process and give more money to the parties and campaign groups. But the only way this is going to happen is if there is genuine constitutional reform in Britain where local people are given real power over their local areas. After all, the key reason so few people give to parties is because they think "all politicians are the same and nothing ever changes". If people actually believed that their local political party could provide a candidate to stand on a radical policy platform that would transform the standards of their local schools and hospitals and make their local economy better, then they would be much more likely to donate and the parties would not need to rely on a relatively small number of big donations.

5. Countries with taxpayer-funded parties still suffer from corruption.

As Daniel Hannan, the Conservative MEP, has pointed out (*The Telegraph*, 3 April 2006), the countries that have the most state funding are generally the ones with the most corrupt political systems. "German political parties help themselves to more than £100 million a year of public money, but this didn't prevent Don Kohleone's Christian Democrats from maintaining secret accounts and receiving briefcases full of used notes... Think of Italy, where subsidies turned the old parties into para-state organisations... Or think of France, also awash with state funding, where some 700 politicians have been charged with corruption in the past decade, almost all in relation to party financing scams."

6. There would be less incentive for the parties to listen to the public and less incentive to improve their campaigning.

While political parties would receive money depending on their performance in elections (p.18), there would be no incentive for the parties to listen to the concerns of the public on issues they did not want to deal with because taxpayers would keep funding the parties no matter what. This would make the parties even more out of touch with the public. Also, there would be no incentive for the parties to actually improve their ability to connect with the public because of the knowledge that the taxpayer would bail them out even if donations fell.

WHAT FUNDING POLITICAL PARTIES REALLY MEANS...

The Hayden Phillips report recommends caps on donations and limits to spending, but the limits on party expenditure do not encompass any of the routine costs that are now associated with running a modern political campaign. There is an acknowledgement of the “numerous grey areas” (p.14) of party spending and the overall rise in the amount spent by parties at election time, but the report does not appreciate the true cost of modern day-to-day media and campaigning activities, which will continue in the future and no doubt become more expensive – only funded under the Hayden Phillips proposals by the taxpayer. *Most people will not have a real understanding of what political parties actually spend their money on and what these activities actually cost. Here's a very short summary...*

Sophisticated media monitoring: £350,000

The Treasury spends £350,000 a year monitoring its image in the media. If that is the amount spent by one government department, a national political party probably spends much more.

(Source: Daily Telegraph, 31.12.05)

Databases of personal information: £250,000

The Conservatives paid £250,000 for their ‘Voter Vault’ database which contains personal information about every voter in the UK, such as their shopping habits.

(Source: BBC News Online, 15.09.04)

Top image consultants: £276,000 a year

It has been recently been reported that the Conservatives are paying a top image consultant £276,000 a year for advice. This may well be completely justified. From its own perspective, the Conservative Party would be right to conclude that taking back control of the country is worth a great deal more than £276,000. But while parties can choose to spend the money they raise as they wish, taxpayers shouldn't be expected to foot the bill.

(Source: Sunday Times, 19.03.06)

Senior spin doctors: £100,000 a year

Political parties pay their senior spin doctors around £100,000 a year. Taxpayers shouldn't be expected to cover these salaries.

Newspaper advertisement: £70,000

A full page colour advertisement in a broadsheet newspaper costs around £70,000. Parties often advertise in several newspapers at once, escalating to potential cost to the taxpayer to hundreds of thousands of pounds.

Party Political Broadcasts: £30,000

Party political broadcasts cost at least £30,000. These are shown on the television “for free” but if they are also shown in cinemas this adds massively to the bill.

Detailed opinion polling: £25,000

Most pollsters charge about £500 per question, and a detailed one-off poll looking at what the public thinks about health or the economy costs around £25,000 – and parties do several of these each year.

Focus Groups: £1,500 - £2,000 per session

Focus groups cost about £1,500 - £2,000 per session - for just over an hour with 8 people in a hotel in somewhere like Watford. Political parties hold dozens of these every year.

Constituency mailing: £25,000

A one-off letter to voters in a single parliamentary constituency costs around £20,000 to £25,000 for the printing and postage.

Launch event: £10,000

A typical high-profile event for a political party in Central London is going to be around £10,000.

And we haven't even begun to measure the cost of: media monitoring software, TVs and videos, regular press officers and researchers, training courses, telephone canvassing facilities, social functions, local newspaper ads, DVDs, leaflets and manifestos, email campaigns, opposition research...