
Financing Leadership Campaigns in Canada

by Bill Cross

In recognition of campaign financing's potential impact on the political process, Canadian governments have enacted campaign finance legislation. From the 1874 Dominion Elections Act various regulations have, among other things, required disclosure of campaign receipts and expenditures, imposed spending limitations on parties and candidates, and provided public funds for the financing of campaigns. One domain of electoral politics has, however, consistently remained outside the jurisdiction of these regulatory schemes. The financing of federal party leadership campaigns has never been regulated by parliament. In February 1992 the Royal Commission on Electoral Reform (Lortie Commission) included in its findings a recommendation that leadership campaign financing be included in any renewed effort at campaign finance legislation. The purpose of this paper is to outline these recommendations and to consider the impact they would have had on the two most recent federal leadership campaigns.

There appears no sufficient justification for excluding party leadership races from the regulatory scheme governing campaign financing in Canada. Leadership races are one of the most consequential components of Canadian politics. The rationale that resulted in Canada regulating the financing of political parties and general election candidates applies even more conclusively to leadership races. Because Canada practices a parliamentary system of government, legislative power is concentrated in the hands of the Prime Minister and his cabinet. Those wishing to influence Canadian public policy will center their efforts around these elected leaders. The present

Canadian practice allows contributors to give unlimited amounts to leadership candidates with no requirement that the contributions ever be disclosed to the public. It is the relationship between elected leaders and moneyed interests that any system of campaign finance rules must monitor and regulate. The Lortie Commission made the following recommendations: Leadership candidates be required to provide full disclosure of financial activities, including size and source of contributions of \$250 or more; Spending limits of no more than 15% of the election expenses permitted the party under the *Canada Elections Act* for the most recent federal general election (currently \$1,890,000 for the three major parties). This spending limit is to be effective as of the time the party chooses the date for election of the leader; A preliminary financial report be required from leadership candidates on the day preceding the election of the leader. A final report to be due within three months of selection of the leader; and contributions to leadership candidates be eligible for inclusion in the tax credit system available to parties.

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Given that leadership campaign financing should be regulated, the first question raised is whether candidates should be required to disclose the sources and amounts of their contributions. Disclosure of campaign contributions is the most fundamental tenet of any effective system of campaign finance regulation. Disclosure serves three principle objectives:

- Identification of contribution sources allows voters to know who their candidates have chosen to ally themselves with. Delegates to a leadership convention have a right to know who has bankrolled the various candidates' campaigns. This is important information as it likely foretells what constituent groups will have easy access to the candidate should he become leader. Equally, voters in a general election have a right to know who contributed to the party leaders' leadership campaigns.
- Disclosure requirements provide the political system with protection from those candidates and donors who may be tempted to make a quid pro quo deal during a campaign. A tempted leadership candidate will likely think twice before accepting a contribution with legislative strings attached if he must publicly disclose the contribution.
- Disclosure requirements make possible the enforcement of other restrictions and prohibitions. For instance, if the scheme of leadership finance regulation includes limits on the amounts one may contribute, disclosure of all contributions and their amounts is necessary to detect any violations.

The Lortie Commission recommended that leadership candidates be required to disclose all contributions of \$250.00 or more. The Commission further suggested that candidates be required to file preliminary reports the day before leadership voting and that final reports be due no more than three months following the voting.

For the reasons listed above leadership candidates should be required to disclose their sources and amounts of contributions. In order for disclosure requirements to be effective they must encompass certain provisions. The first question is what must be disclosed. The current Canadian practice of requiring parties and general election candidates to report all receipts in excess of \$100 should be applied to leadership races. There is no magic to the \$100 mark, but some minimal threshold amount should be set above which all contributions are disclosed. Given the change in the value of the dollar since the inception of the \$100 mark in 1974, the Lortie Commission's suggestion of \$250 seems reasonable. The disclosure requirements, however, must be broadened to include more than merely the contributor's name and

contribution amount. The information presently disclosed by parties does not allow for certain identification of contributors. Disclosed information should include a contributors's home city, province, and occupation. This information will allow interested parties to accurately identify contributors. The Commission does recommend a broadening of the disclosed information to allow for more accurate donor identification. Some argue that such disclosure will put contributors at risk of receiving unwanted solicitations from other sources. This concern is easily addressed by including a provision in the regulations that the information disclosed cannot be used for solicitation purposes of any sort.

The second question concerning disclosure requirements is when such information should be required. The current practice in Canada, for parties and general election candidates, is to require such information after the election. The United States system of campaign finance provides a helpful example in this area. The U.S. law requires periodic reports right up to the week before the election. This system of regular pre-election reporting seems better suited to meeting the objective that voters and party delegates have this information in hand when choosing their leaders. Leadership candidates should be required to file periodic reports showing receipts and expenditures right up to the week of the convention. In the United States' 1988 Democratic primaries, Governor Dukakis successfully attacked Congressman Gephardt for accepting significant contributions from political action committees. Using Gephardt's disclosure reports Dukakis was able to produce a most effective television advertisement that listed all the special interest groups contributing to the Gephardt campaign. Requiring these reports prior to the choosing of a party leader will ensure that any violations are known before the balloting and will allow delegates to assess the appropriateness of each candidate's funding before casting their votes. The Lortie Commission's call for a preliminary report to be due the day before the balloting is a step in the right direction in this regard. What is not clear, however, is what will be required in this preliminary report. The day before the balloting is also very late to allow for the contents of the report to be assessed and considered by the media and delegates before balloting begins.

The second issue to be considered in fashioning a regulatory system for party leadership financing is whether there is too much money in the process. The question here is whether there should be a limit on the amount a candidate may spend on his leadership campaign. While we do not know how much money was spent by 1984 Progressive Conservative candidates

chasing their party's leadership, the amounts spent by NDP and Liberals in their most recent contests do not seem overly high. The NDP imposed an extremely low limit of \$150,000 on their candidates while the effective Liberal limit appears to have been approximately \$2,500,000. Party leadership races are extremely important events in Canadian politics. Many of the participants in these contests go on to serve in leading parliamentary positions with many serving in cabinet and a fortunate few becoming Prime Minister. These campaigns very much narrow the field of options available to Canadians when choosing their Prime Minister. Any regulation of the financing of these races must not be so strict so as to make it difficult for candidates to communicate with party members and the full Canadian electorate.

The Lortie Commission has recommended a spending limit of no more than 15% of the amount the party holding the leadership race was permitted to spend in the last federal election. This would currently amount to \$1,890,000 for the three major parties.

Leadership races provide voters an opportunity to assess the talent in a party and to begin to learn about the party's future candidate for Prime Minister. These races also can provide for intelligent and lively discussion of issues facing the country. For all of these reasons it is important that an artificially low limit not be placed on the campaigns resulting in a lack of public interest due to an inability on the candidates' part to have their message heard. While we should guard against too low a limit, it seems there should be some limit to prevent extremely well heeled candidates from drowning out the messages of their opponents. The adopted, though not enforced, Liberal limit of \$1,700,000 (supported by the Lortie Commission) would seem like a fair amount. The 1990 Liberal race generated a good deal of debate among the candidates on various issues; received a good amount of press coverage, both nationally and regionally as the candidates travelled; generated public interest in the race; and, resulted in a good many party members involving themselves in the delegate selection process.

The real problem in the amount of money spent in leadership races is not the amount of expenditures but rather the lack of sufficient receipts. As will be seen in the following case studies, candidates in the 1990 Liberal race did not have any trouble spending funds. The problem

was that several of the candidates were not able to raise sufficient funds to compete effectively. Another goal of regulating leadership financing must be to ensure that all serious candidates are able to raise sufficient funds to compete. As will be shown in the second case study, the most recent NDP leadership race addressed this issue through the \$5,000 cash grant, and various subsidies provided to candidates. The party also guaranteed that all serious candidates would at least be able to send literature to every riding and participate in a cross country tour. One other way to accomplish this goal, and to lessen the intense fundraising pressures facing leadership candidates, is to institute a system of public financing. Parties and general election candidates receive public treasury funds after a general election to offset a portion of their expenses. However, funds received after the nominating convention will not encourage greater participation and competition in the race. In the case of leadership candidates the funds should be made available to candidates for use during the campaign.

The reason party and general election candidates receive their public funds after the election is to ensure that their candidacies enjoyed some degree of public support and that public funds are not going to frivolous candidates. In the case of leadership races this concern can be addressed by eligibility requirements similar to those used in the public financing of U.S. presidential primary candidates. After receiving contributions of \$250 or less in twenty states, totalling at least \$5,000 in each state, candidates are entitled to have the first \$250 of each contribution matched with public funds. Canadian legislation could require that leadership hopefuls raise \$15,000 in four provinces in contributions of \$500 or less in order to be eligible to receive public financing. This would require a candidate be able to raise \$60,000 and show support in different parts of the country before qualifying for public funds. There is no science to these numbers, but, a requirement of this type will ensure that candidates receiving public funds enjoy some degree of support across the country.

The second threshold requirement utilized in the U.S. system, that candidates achieve success in the primary process in order to continue receiving public funding, would be difficult to apply to a Canadian leadership race. The Canadian process operates differently in that our leadership races tend to operate in a shorter time frame with most delegates being selected in a period no longer than six to eight weeks long. Also, the results of riding elections are not as easily tracked and converted into candidate delegate support as are U.S. primary results. The Canadian system also differs in that Canadian leadership conventions are almost always contested affairs, with all candidates who entered the race

remaining in until at least the first round of convention balloting. In the United States contested conventions are becoming very rare. The majority of U.S. presidential candidates drop out of the race well before the convention. The requirement that contestants receive 10% of the primary votes to retain eligibility for public financing merely reflects the reality that hopefuls cease to be active candidates once falling below this threshold.

It does not appear that a second eligibility requirement need be placed on Canadian leadership hopefuls. However, if legislators thought such a requirement necessary, they could require that candidates receiving public funds, in order to retain their eligibility, submit the names and signatures of a certain number of elected delegates who are supporting their candidacies prior to a set date.

The U.S. system of matching contributions seems well suited to Canadian leadership races. As the following example illustrates, such a system will provide candidates with a significant amount of campaign funds while also encouraging solicitation of moderate and small contributions.

A candidate who solicits one contribution of \$3,000 from a wealthy friend will realize a net contribution of \$3,500 – the original \$3,000 plus \$500 in public funds. Another candidate who solicits six smaller contributions of \$500 will net \$6,000 – the original \$3,000 plus \$3,000 in public funds.

By only matching contributions received from individuals we are also discouraging candidates from concentrating their fundraising efforts on the traditional big contributors – law and accounting firms, and corporate and union donors.

The third issue to be considered in developing a regulatory scheme is whether a limit should be placed upon the amount any one contributor may give to a candidate. The Lortie Commission recommends no limit be placed on the amount any contributor may give to leadership candidates.¹

Two Case Studies

We can now look at how Canadian leadership races operate in the absence of the kind of reforms proposed by the Lortie Commission. We look first at the 1990 race to succeed John Turner as leader of the Liberal Party of Canada. We then turn to the 1989 race to succeed Ed Broadbent as Leader of the New Democratic Party.

The 1990 Liberal Leadership Race

The race that culminated in the convention of June 23, 1990 really began on the evening of Prime Minister Mulroney's re-election with a majority government in November 1988. Mr. Turner would not officially resign

for several months, and the national executive would not issue the call for the leadership campaign until the following summer, but all involved knew that Mr. Turner's days as leader were over and that he would not lead the party into the next election. Mr. Chrétien, who had never really stopped campaigning for the party leadership since his second place finish in 1984, was the immediate front runner. Chrétien was thought to face tough challenges from new Montreal MP Paul Martin and potentially from veteran MP Lloyd Axworthy of Manitoba. Both Chrétien and Martin spent months following the November election putting together a campaign organization, developing a fundraising plan, and travelling the country to build support for their coming candidacies. For others, like Axworthy, Quebec MNA Clifford Lincoln, Ontario MP Sheila Copps, and Quebec MP Jean Lapierre these months were spent assessing their chances of raising the necessary funds and putting together an organization capable of sustaining them through a successful campaign.

In the summer of 1989, the national executive announced the date of the leadership convention. In accordance with Articles 17 (3) and (4) of the Constitution of the Liberal Party of Canada, the party established a twenty-two person "Leadership Expenses Committee". The Committee was co-chaired by Senator Dan Hays and Margo Brousseau. The mandate of the Committee was to establish regulations governing the financing of the leadership candidates' campaigns.

Before the Committee completed its work, the Liberal parliamentary caucus took the initiative with MPs and Senators endorsing a spending limit of \$500,000. On September 1, 1989 the Committee released the regulations it had drafted. The Committee's draft, subject to approval by the national executive, included the following provisions:

- A \$1,700,000 expenditure ceiling.
- A requirement that the party disclose the total spending reported by each candidate as well as a master list identifying all contributors who give an aggregate of more than \$100. The regulations provided no disclosure of what candidate(s) identified contributors supported.
- A requirement that candidates file quarterly expenditure reports with the party. Contributions, however, need not be reported to the party until four months following the closing of the nominating convention.
- Exempt from the spending ceiling are expenditures for the candidate, the candidate's spouse, and one aide's travel and accommodations, as well as all fundraising costs

and any funds paid to the candidate as a salary. There are no limits on these expenditures.

- Contributions may be funnelled through the party to a designated candidate in order to avail the contributor of the tax credit allowed party contributors.
- If candidates are found in serious breach of these rules the regulations provide that the party will consider one or both of the following sanctions: 1. publication of the transgression, and, 2. curtailment of the tax receipt privilege for contributors to the candidate found to be in violation.²

At the press conference announcing these regulations, Senator Hays stated that he believed the party should disclose which candidate contributors donated to but that he was overruled on this point.³ Committee members also admitted that the party has few sanctions available to apply if the rules are broken.

Reaction to the announced regulations was swift and harsh. Lloyd Axworthy, himself a potential leadership candidate, immediately called for an emergency national caucus meeting to discuss the proposed regulations and to demand that the national executive overturn the rules.⁴ He was particularly concerned with what he believed to be an overly high spending ceiling and a lack of policing provisions and effective sanctions. He charged that "the regulations serve to undermine the credibility of the rule-making exercise and the party itself."⁵ Critics contended that the Committee ignored the express wishes of the parliamentary caucus and many grassroots Liberals for a lower spending ceiling. In opposing the rules Axworthy cited a "...clear sense of feeling among Canadians that the power of big money should not be the dominant factor in determining the outcome of any political decision the party makes."⁶

Supporters of the leading candidates, Chrétien and Martin, did not voice objection to the proposed rules. Chrétien's national campaign manager would, however, later object to the \$1,700,000 spending limit as being too low. John Ray claimed that the limit is just not enough for a professional year-long campaign.⁷

Upon reviewing the suggested regulations, the party's national executive approved the spending limit, but objected to the disclosure requirements. On September 16, 1989 the national executive sent the rules back to the Committee, with national president Michel Robert saying the proposed rules "do not seem to meet" the requirement in the party constitution for "full and complete disclosure of contributions to leadership campaigns."⁸ On September 29, 1990 the Committee released what would be the operative rules for the campaign. These regulations differ from the earlier draft

in that they require the party to release a list by candidate of all contributions of more than \$100 to that candidate for which the party issues a tax receipt. Thus, any contributions not resulting in issuance of a tax receipt would not be publicly disclosed. This list would be made public only after the conclusion of the leadership convention.

Shortly after the promulgation of the final rules, three potential candidates - Lloyd Axworthy, Jean Lapierre and Clifford Lincoln announced that they would not become candidates at least to some degree because of their inability to raise the necessary funds.⁹ Mr. Lapierre did not, however, criticize the set spending limit saying: "All those who have been closely involved in a leadership campaign know it is enormously expensive and I think that if we're going into the major leagues we can't wear pee-wee skates."¹⁰

As the campaign progressed it became clear that campaign funding was creating two tiers of candidates. Mr. Chrétien and Mr. Martin were raising significantly more funds than the remaining candidates. Candidate John Nunziata complained that "Money is dictating this leadership convention" and that "This is not a battle of ideas, it is a battle of organization and money."¹¹ It also became clear that the regulations were not effective in holding spending even to the prescribed level of \$1,700,000. Senator Pietro Rizzuto, a key Chrétien backer, stated of the Chrétien campaign "If we used all the loopholes we could effectively double the budget."¹² Mr. Nunziata complained that: "The rules are being broken left and right. They are very difficult to enforce and there does not appear to be the will to enforce them."¹³

The leading candidates were able to evade spending limits in two ways. The first practice was to have contributors give their money directly to a supportive delegate in order to defray the delegate's costs of attending the convention. While the campaign would arrange these transactions, the funds never passed through the candidate's coffers and thus did not appear on either the candidate's reports of expenditures or receipts. Senator Rizzuto confirmed that the Chrétien campaign engaged in this practice and Anthony Housefather, an organizer for Sheila Copps' campaign, "said the practice of diverting campaign contributions to youth delegates is wide spread."¹⁴ This practice also violated a party rule explicitly prohibiting candidates from paying delegates expenses. Senator Hays stated that he believed these practices were not permissible, yet, no actions were taken against any campaign for engaging in this diversion of campaign funds.

The second common violation of the rules concerns a regulation exempting from the definition of campaign expenditures service provided by a volunteer. This

provision exempts such volunteer services provided: "such individual provides, outside of his or her working hours, or on unpaid leave of absence, and free of charge, service to a candidate."

Mr. Martin's campaign manager, Michel Robinson, said his campaign was interpreting this rule to mean: "workers are volunteer as long as they were not hired by a company for the sole purpose of working on Martin's campaign, and continue performing any function for their employer."¹⁵ Mr. Axworthy summed up the effectiveness of the party regulations stating "If they can raise it they can spend it, the sky's the limit."¹⁶

Five months after the leadership convention, on November 7, 1990, the Committee would release the numbers showing the total amounts the candidates reported having spent on their leadership campaigns. The following are the reported expenditures for the various candidates:¹⁷

Candidate	Expenses subject to limit	Excluded & pre call expenses	Total Expenses
Chretien	\$1,671,768	\$774,268	\$2,446,036
Copps	\$481,838	\$324,226	\$806,604
Martin	\$1,637,147	\$737,543	\$2,371,690
Nunziata	\$166,076	-	\$166,076
Wappel	\$143,186	-	\$143,186

No definition was provided of "pre call expenses." Presumably, this refers to expenses made in support of one's candidacy before the official calling of the convention. However, without a clear definition these numbers are not very meaningful as Chrétien, for example, spent several years prior to the convention travelling the country and keeping his organization in place for the coming leadership race. It is doubtful that the reported numbers include the expenses of all of these activities.

The party also released a list of each candidate's donors of more than \$100 who received tax receipts from the party. These lists merely show the name of the contributor and the amount of his contribution. No other identifying information is provided. No totals or analysis of any type are provided with the numbers. After examining the more than fifty pages of listed contributors, questions are raised as to the accuracy of these reports. Chrétien's list totals approximately \$875,000. This represents approximately one third of Chrétien's claimed total expenditures. Martin's disclosed contributions total approximately only \$390,000 – about one seventh of his claimed total expenditures. Both of

these numbers seem low. It does not seem likely that Chrétien raised two thirds of his campaign funds (\$1,600,000) in contributions of one hundred dollars or less. Even more unlikely is Martin's having raised \$2,000,000 in contributions of one hundred dollars or less. There is also no apparent reason why Martin should have such a large base of small contributors compared to Chrétien. What is likely the case is that either these reports are incomplete or both candidates did not submit a significant percentage of their contributions to the party for purposes of procuring a tax receipt. There is no apparent reason why a contributor would not want a tax receipt – other than the accompanying public disclosure of the fact that the contribution was made. Without any evidence to the contrary, it appears that both Chrétien and Martin, though Martin to a more significant extent, did not submit a substantial portion of their contributions to the party for issuance of a tax receipt in order to prevent public disclosure of the contributions.

The 1989 NDP Leadership Race

The New Democratic Party took a very different approach to controlling spending in their December 1989 leadership race. The *Montreal Gazette*, in commenting on the NDP approach, said "the federal NDP is about to launch a noble experiment. It is going to try to prove to Canadians that a modern political party can run a fair and frugal leadership campaign when it comes to choosing a successor to Ed Broadbent."¹⁸ The NDP limited spending during the leadership race to \$150,000. There was no internal dissent from party members or candidates to this low limit. Convention Co-Chairman Sue Hart explained the low limit was established in order "...to make the job available to everybody not just those with money."¹⁹ The party executive believed the \$150,000 limit to be "...low enough to prevent anyone from dazzling the delegates with expensive gadgetry, while at the same time within the reach of any serious contender."²⁰ The NDP spending limit, unlike its Liberal counterpart, was also made retroactive to the day following Broadbent's announcement of retirement. The NDP also placed a strict limit on the amount any one source could contribute to a candidate at \$1,000. Final financial reports, disclosing the source and amount of all contributions of \$100 or more were required by July 31, 1990.

The NDP attempted to create a lively campaign while keeping the candidate's costs down by having the Party pay for some of the campaign costs. The NDP headquarters paid for two mailings from each candidate to all 295 riding associations. The party also made available a travel allowance to all delegates travelling more than 480 kms. to the convention. Most significantly,

however, the Party organized and paid the costs of a fifteen city speaking tour through all ten provinces and the Yukon. While newspaper reports vary greatly as to the actual amount, the NDP clearly spent a considerable amount organizing and promoting these all candidate meetings in Halifax, Charlottetown, Regina, Whitehorse, Edmonton, Vancouver, Nanaimo, Saskatoon, Sudbury, Winnipeg, Montreal, St. John's, Fredericton, Ottawa and Toronto. In addition, the Party paid each candidate \$5,000 to ensure that they would be able to travel and attend these meetings. It was the Party's hope that these meetings, held between August and November 1989, would be the centerpiece of the campaign.

The Party also established rules to ensure that sitting MPs did not have an advantage over other contenders. In an effort to "...prevent MPs from using commons privileges in the campaign"²¹ the rules prohibited House of Commons staff from working on leadership bids during regular office hours and prohibited use of government material such as stationary, facsimiles and photocopy machines on the leadership race.

Unlike the Liberal race, there are no news stories about any NDP candidates or potential candidates complaining about the Party spending rules or about being wildly outspent by their opponents. The numbers reported by the candidates to the Party illustrate that while none of the candidates raised even eighty percent of the spending limit, there was a significant variance in the amounts raised by different candidates. The five major candidates reported the following financial activity:²²

Candidate	Receipts	Expenditures	Balance
Barrett	94,505	113,986	-19,481
DeJong	17,516	42,516	-25,000
Langdon	57,426	52,461	4,965
McCurdy	73,364	72,891	473
McLaughlin	116,051	128,575	-12,524

One obvious question raised from examination of these two races is how did the NDP candidates manage to run a leadership campaign on approximately 4% of the funds available to the leading Liberal candidates. There are several apparent reasons why the NDP race should have been less expensive than the Liberal campaign:

- Labour unions select approximately one-third of all NDP convention delegates. Candidates traditionally campaign for these delegates by meeting with the leadership of organized labour. The result of this is that approximately 1,000

delegates are campaigned for through a limited series of meetings with labour leadership – there is no reason to travel the country meeting these delegates one on one in their home constituencies.

- The NDP national headquarters made available travel grants to offset delegate travel to the convention. In the Liberal campaign the leading candidates admitted spending significant funds paying for the travel of their delegates to Calgary.
- The NDP national headquarters paid for the cost of two candidate mailings and for a fifteen city candidate tour. The Party's arranging of the tour saved candidates the expense of arranging meetings in each of these cities on their own.
- There was virtually no campaign in the province of Quebec. It is estimated that only sixty to seventy five delegates from Quebec attended the NDP convention. This saved candidates the expense of competing for delegates in Quebec's many ridings.
- The NDP campaign was significantly shorter in duration than was the Liberal's. The NDP convention was held ten months after Mr. Broadbent's resignation announcement as opposed to the Liberal's being held almost two years later.

It does also appear that the NDP candidates did not run as precise a campaign in competing for and then identifying and tracking delegates at the riding level. The NDP campaign appears to have been more wide open with candidates appealing to broad categories of delegates. This is illustrated in poll results showing a large percentage of undecided delegates shortly before the convention, and in newspaper reports that "...organizers for the candidates were unable to provide firm figures on levels of support"²³ shortly before the convention.

Conclusion

Party leadership campaigns are too consequential a part of Canadian politics to continue operating completely outside of the purview of campaign financing laws. Leadership races determine the options available to Canadians when choosing their prime ministers, and, leadership hopefuls tend to progress to key roles in cabinet and opposition. A system that allows candidates to take unlimited contributions from corporations and other special interests without having to disclose these transactions is simply unacceptable. Canadian voters have a right to a system that at least attempts to protect them from elected leaders being bought by well heeled special interests. And, while there is a question of cause and effect, it does seem that ability to raise substantial

financial resources is having a significant impact on the outcome of party leadership races. Alternative sources of funding, such as a system of public matching funds, must be considered to ensure that all serious candidates have access to necessary funds. Public funding will also lessen the reliance of candidates on private contributions.

The Lortie Commission's recommendations that legislation be enacted imposing spending limits of approximately \$1,890,000 and requiring disclosure of contributions in excess of \$250.00 are sound suggestions. However, while these recommendations are a step in the right direction they fall short of the needed change discussed in this paper. While these suggestions nibble at the edges of the fairness question by requiring disclosure and imposing a spending ceiling, they fall short of their target. A spending ceiling will only work towards increasing competitiveness if coupled with some sort of public financing, and, disclosure requirements are only effective if disclosure is made early enough to have an impact on the election and if enough information is disclosed to allow for full identification of contributors.

While an electoral system may never achieve complete "fairness", the Canadian system of choosing its party leaders is only beginning to move in such a direction. The recommendations of the Lortie Commission begin to move towards fairness, but must be more comprehensive to meet the fairness objective they set for themselves.

Notes

1. While the NDP limited contributions to \$1,000, Liberal candidates, Mr. Chrétien and Mr. Martin both reported receiving several contributions of \$10,000 or more with Mr. Chrétien reporting one gift of \$20,000. These very large contributions are troubling. It is these large contributions that raise questions concerning whether the contributors are buying access or some other legislative favour from the candidates.

It is almost impossible to discern a contributor's motives in giving a candidate a large donation. However, because we cannot definitively conclude the contributor's motives, we should give the benefit of the doubt to the political process and prohibit such large contributions. The implementation of a public matching fund scheme should more than offset the loss of revenue from these large contributions. It is, also, only the leading candidates that appear to receive such large contributions. At a minimum, very large contributions raise an appearance of impropriety, and, if for no other reason than to remove this cloud of suspicion, large contributions should be prohibited. There is no easy definition of an overly large contribution. U.S. law limits presidential primary candidate contributions to \$1,000 from individuals and \$5,000 from political committees. Many object to the \$1,000 limit, which has not been adjusted since 1974, as being too low.

I would suggest that Canadian leadership candidates be limited to accepting contributions no larger than \$3,000.

2. Liberal Party Release of September 1, 1989.
3. *Globe & Mail*, September 1, 1989, p. A4.
4. *Toronto Star*, September 2, 1989, p. A9.
5. *Ibid.*
6. *Ibid.*
7. *Montreal Gazette*, March 31, 1990, p. B6.
8. *Toronto Star*, September 17, 1989, p. A7.
9. *Montreal Gazette*, March 31, 1990, p. B6. It should be noted that Mr. Lincoln's funding dried up after losing the Chambly by-election.
10. *Toronto Star*, September 17, 1989, p. B6.
11. *Montreal Gazette*, March 31, 1990, p. B6.
12. *Ibid.*
13. *Ibid.*
14. *Ibid.*
15. *Ibid.*
16. *Ibid.*
17. Liberal Party Release, November 7, 1990.
18. *Montreal Gazette*, "NDP Leadership Race to be Lesson in Frugality," March 17, 1989, p. B3.
19. *Ibid.*
20. *Ibid.*
21. *Calgary Herald*, "NDP Sets Rules to Ensure Clean Leadership Race," June 11, 1989, p. D16.
22. Financial statements of candidates as reported to the NDP National Headquarters.
23. *Vancouver Sun*, October 12, 1989, p. 8.