

POLITICAL PARTIES AS PRIMARY POLITICAL ORGANIZATIONS



INTRODUCTION

"Without political parties, there can't be true democracy."

THREE-QUARTERS OF THE Canadians participating in our attitudinal survey agreed with this statement on the need for political parties. (Blais and Gidengil 1991 RC) At election time, votes are cast almost exclusively for candidates of political parties rather than for independent candidates. In the past two decades, more than 94 per cent of the votes were for candidates of the three largest parties. These facts indicate that Canadians appreciate the important role that political parties play in our electoral democracy.

Political parties give voters meaningful choices, both in the direct election of their individual Members of Parliament and in the indirect election of a government. As MP Chris Axworthy stated before our Commission, "The clash of ideas and personalities, the freedom to help determine the future of one's country, the precious liberty to vote for or against a platform or a person, all of these are unthinkable without the assistance of political parties." (Saskatoon, 17 April 1990)

Comparative and historical experience demonstrates that parties, as primary political organizations, are best suited to performing a host of activities essential to representative democracy. Among the fundamental activities performed by parties are the selection and recruitment of candidates for elected office, the selection of political leaders and the organization of electoral competition. The electoral and institutional successes of parties depend, in part, on their ability to establish meaningful linkages with citizens by articulating policy alternatives and ideas, and by establishing themselves as vehicles for political participation and education. Together, these many activities aim to provide parties with a capacity to represent different and sometimes competing interests in society, and to structure and order choices for the purpose of governing. These objectives are especially challenging in Canada, given our pronounced regional, linguistic and cultural diversity.

Canadian parties have evolved from relatively elite institutions dedicated, for the most part, to controlling and distributing patronage. They are now more sensitive and appreciative of their role and responsibilities

as primary political organizations. Parties have abandoned many of the questionable practices and traditions that once characterized their competitive pursuit of political power. In recent years, however, the parties have employed strategies and techniques that are at times inconsistent with public expectations of what values should guide the political and electoral processes in Canada. More and more Canadians, including party members, are critical of the way parties select their candidates and leaders, the control party leaders appear to exercise over their supporters in Parliament, the behaviour of the parties during elections, their failure to change party organization and membership to reflect Canadian society, and their shortcomings in providing significant opportunities for political participation.

Canadians are questioning the ability of political parties to accommodate diverse and sometimes competing regional interests within federal institutions. There is concern that parties are not responding to individuals and groups that have representational needs different from those traditionally fulfilled by parties. This critical assessment of political parties has discouraged interests not traditionally represented by them from now turning to the parties. Further, the preoccupation with trying to win elections has restricted the importance the parties give to affirming political values and fostering political participation by individual citizens.

Despite these criticisms, Canadians also expect parties, as primary political organizations, to continue to perform their essential functions in representative democracy. In criticizing the representational and electoral profile of political parties, Canadians are in some ways indicating they want parties to do more, not less. They want parties to be more responsive, more representative and more attentive to public attitudes. There are opportunities, then, to affirm and broaden the role of parties as the pre-eminent political institutions that contribute to a vibrant representative citizen democracy. These opportunities exist at three levels.

First, parties can adjust their processes and procedures for selecting candidates and political leaders to promote rather than undermine public trust in the way elected representatives are recruited and selected. Second, parties can strengthen their institutional and organizational capacity to communicate with and involve individuals who are sympathetic to their core ideas, values and traditions. Third, political parties and leaders can adopt new instruments and resources to help them accommodate and integrate diverse interests. Reform, then, should aim to move from cynicism and apathy toward dignified, intelligent political participation of individual citizens.

Reconciling the regional, economic and cultural differences in Canada is a complex and continual task. In accepting this responsibility, parties are being asked to both embrace and confront the varied and sometimes tumultuous features of Canada's political landscape. Expectations that parties can effortlessly or continually mediate conflicting interests, however, are misplaced. In affirming the role of political parties, parties should not be assigned with unattainable goals or objectives. (Elkins 1991 RC)

Since Confederation, the party system has seen many changes in the number of parties presenting alternative programs, their socio-economic and regional bases of electoral support, and the opportunities for political participation. Canadian parties could now be undergoing another critical period of transformation, a metamorphosis that would not be surprising, given the major changes that have occurred in the Canadian polity over the past decade. These include the emergence of new parties and the increasing attractiveness of interest groups as an alternative to political parties for political participation.

We are not concerned with how these changes affect the fortunes of individual parties. Rather, our objectives focus on the health and vitality of political parties as the primary political organizations that:

1. structure electoral choice and thus make the vote meaningful;
2. provide mechanisms for political participation and thus enhance democratic self-government; and
3. organize elected representation in Parliament and thus contribute to the effective operation of responsible government.

Canadians at present may be critical of their parties' performance in all these respects. Nonetheless, they recognize the essential role of parties in securing democratic government. If electoral law reform can strengthen political parties as primary political organizations in the service of democratic government, such reform should be identified and implemented.

THE ROLE OF POLITICAL PARTIES

The role of political parties in Canada must be understood in the context of how our system of parliamentary government has evolved. The system has fundamental constitutional characteristics that not only assume a structure of political representation in Parliament that makes it possible to form a government and hold it responsible to elected members, but also structure electoral choice, making it possible for voters to determine who forms the government. In addition, our political values ascribe a high priority to the right – even the obligation – of citizens to be self-governing. Our tradition has assigned an important role to parties. They provide opportunities for citizens to exercise their rights and to perform their civic obligations through volunteer participation in political activities and public discourse. We also recognize, of course, that geographical, social and economic factors influence the forms and functions of political parties at different times.

Parliamentary Government

The Canadian constitutional system of parliamentary government predates the founding of the Canadian federation in 1867. All the British colonies in North America benefited to varying degrees from English laws and liberties, including the right to 'representative government'. This right, first realized

in Nova Scotia in 1758, did not entail 'responsible government' at the outset. It was achieved much later, and only after long and often acrimonious debate between governors and elected assemblies over who should determine the composition of and exercise control over the executive council – the body that came to be known as the cabinet. While Great Britain had adopted the principle that the executive, the Crown's "cabinet council" (Mackintosh 1977), must enjoy the confidence of the House of Commons, in the British North American colonies the governor retained exclusive control over the membership and management of the executive council. (Dawson 1970)

In Upper and Lower Canada the struggle for responsible government led to armed rebellion in 1837. In Nova Scotia, the forces for responsible government led by the articulate Joseph Howe used less violent but no less effective means. In each case, the struggle was complicated by British imperial authority. The local governor was caught in a web of conflicting instructions and demands from the British government, from his executive council (which was dominated by a very narrow stratum of society), and from the elected legislature (which was increasingly composed of representatives who insisted on constitutional reform). The legislature, moreover, had begun the process of organizing into legislative parties; candidates increasingly contested elections under the banner of a party.

In Great Britain and the United States in the late eighteenth century, the debate over the formation and legitimacy of political parties revolved around the question of the harm parties might afflict on the body politic. Parties were depicted as odious factions or cabals, whose behaviour, in pursuing narrow self-interest, would undermine established authority. In Canada, there were echoes of this debate. Joseph Howe, for example, initially argued the need for a "single party for Nova Scotia" that would represent the interests of the whole colony. Later, at the time of Confederation, Sir John A. Macdonald spoke of the need for a broadly based Liberal-Conservative coalition to ensure the future strength of the newly founded nation. Because the issue of factions had been settled earlier in Great Britain and the United States, and the battle for responsible government gave a common ground for competing reformers, the issue of factionalism never really took hold in Canada.

Because of the continuing reluctance of the governors to pay heed to their legislatures, even after armed rebellion, the executive branch of government became increasingly ineffective and illegitimate. As a result, Lord Durham was sent to North America as governor-in-chief of all five provinces, with the mandate both to restore order and to enquire into the origins of the 1837 rebellions. His 1840 report advocated the adoption of responsible government, but not through formal legislation. Instead, he recommended using a dispatch from the British government instructing each colonial governor "to secure the co-operation of the Assembly in his policy, by entrusting its administration to such men as could command a majority". (Durham 1839 [1912, 279–80])

British authorities and the governors they appointed implemented the recommendation only half-heartedly. Ironically, the result was that governors became even more enmeshed in the politics of the colonies, frequently seeing themselves not only as the representative of the Crown but also as their own 'prime minister', supported by the party of their executive council. A change in government in Great Britain in 1846 led to serious efforts at reform, primarily by appointing as governors individuals likely to be responsive to the wishes of the elected assemblies. Thus on 25 January 1848, following a general election in Nova Scotia and a vote of non-confidence, the executive council resigned and a new council was formed.

This change marked the constitutional transformation to responsible government. Most important, it was an event that signalled the first significant acknowledgement of political parties as an integral part of parliamentary government. It did so precisely because the governor was able to identify a legislative party that commanded the confidence of a majority in the elected legislature. The leader of this party asked the governor to form a new government. Very quickly, similar changes in government occurred in the other colonies.

Those who demanded constitutional reform did not seek to undermine the role of the executive within parliamentary government. On the contrary, they sought to strengthen the effectiveness and legitimacy of the executive by ensuring that it had the support of a majority in the elected legislature. Their principal demand, therefore, was that the executive be made directly responsible to the legislature and that both the raising of revenue and the expenditure of public monies be subject to the approval of the legislature.

British political parties in the form of factions and 'connexions' had existed since the Revolution Settlement of 1688, primarily as parliamentary organizations. (Mansfield 1965) Parties and party government, as well as the notion of organized opposition, came to be accepted as fully legitimate by the nineteenth century. Yet British parties failed to extend significantly their organizational network beyond Parliament, even after the *Reform Act* of 1832. Parties were seen primarily as instruments of parliamentary management, for constructing majorities in the House to allow ministers of the Crown to govern. (Stewart 1986)

By contrast, Canadian political parties extended much further into, and as a result became more deeply rooted in, Canadian society, largely because of the battles over responsible government. It quickly became evident to political practitioners that "systematic and comprehensive party organization had become part of the Canadian political game". (Stewart 1986, 55) By Confederation, political parties were considered an essential component of the effective operation of responsible government and the central focus for the mobilization and participation of citizens in political life.

The Building of National Political Parties

In the immediate post-Confederation period, Sir John A. Macdonald hoped to maintain a broadly based Liberal-Conservative party consisting of

Conservatives and moderate reformers. The base of his new party became more restricted, however. Soon two parties, the Conservatives and Liberals, emerged as the contending organizations in the new federal electoral process and in Parliament. To build a working majority in Parliament, these coalitions of the former colonial political parties – initially the Conservatives and later the Liberals – still had to court “loose fish” and “waiters on Providence”, as Members of Parliament without a clearly identified party allegiance were then labelled. (Reid 1932, 12) By 1878 the secret ballot had been introduced and elections were held simultaneously in the five eastern provinces, rather than over several days. At this time elections became contests between the candidates identified with the two political parties.

Thus political parties had undergone the transformation from essentially legislative coalitions into disciplined legislative parties and electoral organizations that became the defining characteristic of the Canadian party system for the next four decades. Diverse factions within the parties in the early post-Confederation period were kept together through the exceptional leadership skills of the two dominant leaders of the first several decades of Canadian party politics: Sir John A. Macdonald and Sir Wilfrid Laurier. The party leaders used the federal cabinet to provide representation for the significant regional, religious and ethno-cultural groups that constituted the local bases of national party support. Conflicts between regions and classes were accommodated within the two parties as both attempted to appeal to a cross-section of interests broad enough to secure electoral victory.

The Conservative and Liberal parties emerged as national institutions through the adroit use of patronage at the local level and the recruitment of dedicated local party workers. These party workers were prepared to serve as standard bearers, whether the party was in government or in opposition. Both parties built up extensive extra-parliamentary networks of local notables, as well as “cold water men” who were willing to put in long hours whether or not their party was in power. (Stewart 1986, 78) The national party structures, anchored in local party networks, served to bind supporters to their party’s values and policies.

The local partisan press cultivated loyalty to the party and its ideas: to give but a few examples, the Conservative *Free Press* and Liberal *Advertiser* in London, the Conservative *Empire* and the Liberal *Globe* in Toronto, the Conservative *La Minerve* and the Liberal *La Presse* in Montreal, and the Conservative *Herald* and the Liberal *Chronicle* in Halifax. Rival newspapers in these communities were the declared supporters of the two parties. The newspapers disseminated their parties’ platforms, provided editorial support, and educated their readers on the strengths of its party and the foibles of the opposition.¹

Overall, the press of Canada’s early years served as primary vehicles of political education and socialization. Often the party itself was a critical source of funds for a partisan newspaper, especially when the party formed

the government. Sometimes important political figures owned or controlled newspapers outright; Clifford Sifton, for example, a prominent minister in the cabinet of Sir Wilfrid Laurier, acquired a controlling interest in the *Manitoba Free Press* and the *Brandon Sun* in 1898. When a party won office, as Sir John Willison, a well-known journalist of the post-Confederation years, recalled in his memoirs, "all appointments and statements of policy were reserved for the party organs". (Willison 1919, 121)

Canada was not alone in having a partisan press. In both the United States and Great Britain, commitment of a newspaper to a political party was more than rhetorical declarations of unconditional support. Politicians of the late nineteenth-century in Canada "saw newspapers as essential vehicles of publicity, indeed a surrogate for organization, which could confound foes, strengthen party discipline and morale, and educate electors". (Rutherford 1982, 212) The partisan press assisted parties by weaving them into the fabric of daily life. Party supporters identified with their party by reading the appropriate paper. The partisan press in turn served to support the extra-parliamentary role of parties; they gave party supporters political information about local and national debates, education on public and party policy, and a means for expressing political opinions.

By the end of the nineteenth century, Canada had a competitive two-party system. The two parties had risen above the parochialism of provincial politics and pursued a national agenda accommodating a wide array of interests. At the same time, each party in power had unabashedly cultivated local partisan ties through federal government patronage. As communication and educational vehicles for the two parties, the partisan press fostered party allegiance. Partisanship so thoroughly penetrated Canadian political life, especially in the four original provinces with their relatively stable social structures, that it contended with religion and language as a decisive cleavage in communities.

The Emergence of the Multi-Party System

The competitive two-party system in Canada lasted for five decades following Confederation. Profound economic and social dislocations contributed to substantial political change during and following the First World War. These changes revealed the shortcomings of the two traditional parties in accommodating significant interests in Canadian society. Canadians were also becoming dissatisfied with the principal features of the national party system: disciplined parliamentary representation, compliant extra-parliamentary organizations, extensive patronage by the governing party and the close alliance of both national parties with eastern financial interests.

During the First World War, the conscription issue split the Liberal Party and resulted in a wartime Unionist government: a coalition of Conservatives and Liberals with virtually no MPs or electoral support from Quebec. At the same time, Canadians began to question the patronage system because of dubious procurement practices for military supplies during

the war. In addition, western Canada's population, and therefore its weight in the House of Commons, had increased dramatically since the turn of the century.

In 1900, western Canada had 17 seats or 8 per cent of the total number of seats in the House of Commons; by 1917, its number of seats had increased to 57 or 24 per cent of the total. Moreover, since the late nineteenth century, western Canada had been settled primarily by immigrants from the United States, Great Britain and central Europe. These immigrants had no connections with, or interest in, the political mores and values of eastern Canada. Their society and economy, based on the large-scale production of agricultural commodities, did not lend itself to the same organizational tactics that the two parties had used so successfully in the east during the time of Macdonald and Laurier.

An equally important factor was the National Policy. This policy had three major dimensions: a transcontinental railway, settlement of the West through immigration and tariff protection against U.S. imports. The Conservatives adopted the National Policy and the Liberals retained it when they came to power. By 1917, however, western Canadians had come to view the National Policy as an instrument that worked to their disadvantage while favouring eastern Canadian economic interests. The Unionist government formed in 1917 further loosened partisan ties in the West, in that Unionists portrayed themselves as a non-partisan coalition government encompassing all political persuasions supporting the war effort. (Morton 1967)

In the 1920s, Canadian agrarian interests, inspired by the populist and progressive movements in the United States, organized into political groups to challenge the two traditional parties federally and provincially. These farmers' groups campaigned on platforms that were opposed to political parties as the primary agents of representation in a system of parliamentary government. The farmers argued that the tradition of party discipline in particular impeded the ability of elected representatives to represent adequately the interests of their constituents. Federally, the Progressive Party won 65 seats in the 1921 general election, displacing the Conservatives as the second largest party in Parliament. The 1921 election was also a watershed in that no party had a clear parliamentary majority; the Liberals fell one seat short. In the immediate post-war era, United Farmer parties won elections in Alberta; formed a short-lived coalition government with labour interests in Ontario and, on their own or in coalition with labour, constituted the official opposition in several provinces. In Quebec, the weakened provincial wing of the Conservative Party joined forces with a number of disaffected Quebec Liberals to form the Union nationale in 1935. It won its first electoral victory in 1936.

With the urbanization, industrialization and social dislocation after the First World War came outbursts of civil strife, such as the Winnipeg General Strike of 1919. These factors also led to the proliferation of labour movements

and parties, including the Federated Labour Party, the Independent Labour Party and the Socialist Party of North America. Two labour candidates were elected in the 1921 election. Factions on the left were centred around either the British Fabian model or the Bolshevik model of the Soviet Union. Their feuding prevented the formation of a single, cohesive party of the left. Out of the various splits, the Co-operative Commonwealth Federation (CCF) emerged in the 1930s as a broadly based movement that incorporated most left-wing groups and many Progressives. The more radical elements that favoured the Soviet socialist model coalesced around the Communist Party of Canada, originally created in 1921. (Avakumovic 1975)

The entry of additional parties into Parliament following the 1921 election was not an entirely new phenomenon. In 1896, the year that saw the Liberals come to power under Sir Wilfrid Laurier also saw the election of four McCarthyites, a group of dissident Conservatives, and two Patrons of Industry. But this was seen as temporary, a consequence of the Manitoba schools crisis and the shift of electoral support to the Liberals after several years of Conservative rule. These small parties disappeared in subsequent elections.² It was the size of the Progressive contingent in the House in 1921, displacing the Conservatives as the second largest party, that marked the beginning of a new era.

The 1921 election also brought home some of the unique attributes of the single-member plurality electoral system. Combined with Canadian political geography, the system worked to the advantage of smaller parties that enjoyed a regionally concentrated electoral base, but to the disadvantage of parties of similar size with a geographically dispersed base. In 1921, for example, the Progressives actually received fewer votes than the Conservatives – 23 per cent versus 30 per cent – yet received more seats than the Conservatives – 65 versus 50. In subsequent years, small parties lacking a regional base fared poorly. Thus, in 1935 the Reconstruction Party under H.H. Stevens garnered 9 per cent of the total vote, dispersed mainly across the five eastern provinces, and was able to send only one candidate to Parliament.³ In contrast, the Social Credit Party, with only slightly more than 4 per cent of the vote in 1935, won 17 seats, because its support was concentrated in Alberta and a small part of Saskatchewan.

The federal Progressives failed to establish themselves as a credible political organization, and by the end of the 1920s were a spent political force. Their credibility was undermined in part by their own anti-party philosophy, which led them to reject the opportunity to become the official opposition, even though they constituted the second largest party in the House of Commons. (Covell 1991 RC) Although remnants of the Progressive movement reappeared in other forms, 1921 marked the end of Canada's two-party system. In the 1930s, the Social Credit Party emerged on the national scene, although its electoral support and nearly all its seats came from Alberta. At the other end of the political spectrum, the CCF coalition of western farmer groups and eastern trade unions emerged to champion

the socialist ideal. In a bid to capture more support from western Canada and in response to increased public support for the CCF in the early 1940s, the name of the Conservative Party was changed to Progressive Conservative. The change of name was a condition of John Bracken, the Progressive Premier of Manitoba, accepting the leadership of the Conservative Party in 1945.

The possibility of new parties and movements entering the political arena, and enjoying success when their support is geographically concentrated, remains a hallmark of the Canadian party system. In the 1940s, partly because of conscription, the Bloc populaire came to the fore in Quebec. Although it obtained only two seats in the federal election of 1945, a few years before it had more than 33 per cent of the popular support in public opinion polls in Quebec, thereby threatening both Liberal hegemony in that province and its overall majority in Parliament. (Gallup 1943) In the 1960s, the Cr ditistes in Quebec overshadowed their Social Credit counterparts in the rest of the country, taking 26 seats in Quebec in the 1962 election.

Institutional Responses

The "profound shifts in the political culture" of Canada during the First World War and throughout the 1920s led to three important institutional changes. First, the introduction of the merit principle in the public service and the resultant decline of patronage "deprived the party organizations of the glue that held them together, and which had tightly bound federal and provincial partisan interests. The [governing party] lost the power to dominate the administrative machinery of the state. This major institutional change ended party life as Canadians had known it for 50 years." (Carty 1988b, 20) Second, near-universal suffrage was adopted in 1919 with the extension of the franchise to women. Third, the practice of gerrymandering became discredited, and electoral administration was placed under the authority of the independent office of the chief electoral officer.

The 1921 federal election saw both the fracture of the two-party system in Canada, and the election of the Liberal leader, Mackenzie King, as prime minister. King's response to the social and political changes of the 1920s was to adopt a new style of brokerage politics. Under his leadership, localism declined as the primary focus of national party politics and organization. In its place, regional and national party organizations became key instruments in the politics of representation and accommodation.

King also responded to the sharp differences arising from the tumultuous period between 1911 and 1921 by emphasizing political accommodation and consensus. During the 1920s and 1930s, he disarmed the Progressives by adopting a number of their populist policies and by gradually bringing many of their caucus members into the Liberal Party. Throughout his long tenure as prime minister, he was also able to recruit prominent provincial politicians into his government. Regional interests

were thus represented in the federal cabinet by strong ministers who were responsible for the extra-parliamentary organizations and political networks in their regions. (Bakvis 1991)

In addition to using the cabinet for the strategic accommodation of regional interests, King strengthened the financial and organizational resources of the Liberal Party. The National Liberal Federation (NLF) was created in 1932, in part to lessen the national party's dependence on its provincial organizations and to strengthen the party's fund-raising capabilities. The NLF gave the Liberals a permanent extra-parliamentary organization. Such an organization was increasingly necessary because of the decline of the partisan press and the emergence of radio not only as an important political medium but also as one that was primarily non-partisan almost from the outset. The NLF also allowed Mackenzie King to distance himself from the provincial Liberal parties. Some provincial parties, such as the Ontario party under Mitchell Hepburn, were becoming increasingly troublesome to their federal counterparts. (Whitaker 1977)

As the dominant party in a multi-party system, in many ways the Liberal Party was in an enviable position. But several developments reduced the importance of the party not only as a grassroots organization but also as an instrument of governance.

The first was the development of a larger and more competent public service. By the late 1920s, Mackenzie King had begun recruiting academics from Queen's, McGill and the University of Toronto to fill the most senior positions of the public service. This was the beginning of the Ottawa mandarinat, a group of well-educated and highly skilled men who brought to their jobs a pronounced national and international orientation. (Granatstein 1982) Significantly, their work included advising ministers on policy.

The influence of this mandarinat increased partly in response to the need to manage larger government departments and more complex tasks, as well as to maintain the links to the specialized interests served and affected by these departments. Many of the policies adopted by government were therefore initiated, accordingly, not by ministers or their party but by federal bureaucrats. The party was no longer solely responsible for generating ideas and initiatives and developing them into coherent policies.

This trend extended well into the post-war period, as the mandarinat became largely responsible for formulating the policies of post-war recovery and implementing new social welfare programs. A few of these senior civil servants also moved into elected politics, including John W. (Jack) Pickersgill, Mitchell Sharp, Charles M. (Bud) Drury and Lester B. Pearson. The last was recruited directly into cabinet as minister of external affairs by King's Liberal successor as prime minister, Louis St. Laurent. The actual number of mandarins moving into the Liberal Party was limited, nonetheless, this development contributed to the perception that the top levels of the Liberal Party and the federal bureaucracy had become thoroughly intertwined. Not surprisingly, the party was seen as increasingly remote from its roots,

and its organization at the local level atrophied: the Liberal Party had become the "Government party". (Whitaker 1977, 87)

John Diefenbaker, the leader of the Progressive Conservative Party, exploited these perceptions during the infamous pipeline debate of 1956, when the Liberal government used closure to force legislation through Parliament. Capitalizing on these sentiments in the 1957 election campaign, Diefenbaker succeeded in forming a minority government, ending 22 years of Liberal rule. In the 1958 election Diefenbaker won one of the largest parliamentary majorities ever, drawing significantly on populist sentiments, particularly in western Canada.

During the long period of Liberal Party rule, from 1921 to 1957, interrupted only by the short-lived Meighen Conservative government in 1926 and the Bennett Conservative government of 1930–35, party politics was characterized by one-party dominance in an increasingly multi-party system. The dominance of the Liberal Party was founded on Mackenzie King's skilful stewardship and fostered by the weakness of the other parties. Particularly when there were so many parties, the Liberals could often win seats with pluralities that were far less than a majority of the votes cast. For example, in the 1945 federal election there were on average 4.5 candidates per constituency in Quebec, including Liberals, Conservatives, Independent Liberals, Communists and members of the Bloc populaire. The Liberals won 81 per cent of the seats (53 of 65) with 51 per cent of the vote.

Liberal dominance notwithstanding, both the Liberal and Conservative parties had become essentially parliamentary parties and political organizations concerned with winning elections. Local party organizations continued to have primary responsibility for recruiting, selecting and nominating candidates. Local Liberal organizations in many provinces, however, were dominated by regional ministers, party notables in the provincial wings of the party or, in the case of Newfoundland, by the Liberal Premier, Joseph Smallwood.

The national extra-parliamentary organizations of both parties became more important when they adopted national conventions to select party leaders. But the long tenure of King as Liberal leader throughout this period offered little opportunity for this new procedure to enhance the participation of Liberal Party members in national party affairs. For the Progressive Conservatives, the selection of John Diefenbaker in 1956 demonstrated the capacity of party members to exercise their authority independent of the parliamentary party.

The relatively infrequent use of this new opportunity for involvement, however, meant the minimal role of members in party affairs beyond elections did not substantially change. Moreover, patronage at the local level was becoming less effective in mobilizing and maintaining strong links between the national party leadership and local activists. Urbanization had eroded the rural character of political society in the 1900s, and the decline of the partisan press further diminished party attachments. Finally, the

accelerating influence of the federal bureaucracy on policy formation and administration attenuated the influence of local and regional party notables on national policy and the management of public affairs.

For the CCF, and to a much lesser extent the Social Credit Party, the concept of party as a political movement meant something different for the role of its members. In the CCF, for example, party members were involved in determining party policy. This implied an obligation for the party to mobilize and educate its membership on public affairs, and a responsibility for members to participate in other than electoral activities. The success of the CCF in these regards was attributable largely to the capacity of the party to build on farmers' co-operatives in the west and trade unions in the east. Given the relatively limited attachment of Canadians generally to these two parties, however, the influence of this model of a political party was marginal in overall Canadian political life.

Pan-Canadianism and Participatory Democracy

A new era in party politics was introduced with the election of the Diefenbaker Progressive Conservatives in 1957. During Diefenbaker's tenure the role of the federal bureaucracy was challenged, most notably by the extensive use of royal commissions for policy ideas and advice. The New Democratic Party (NDP) was formed in the early 1960s to strengthen the connection between Canada's labour unions and the socialist movement. The Liberal Party, under Lester B. Pearson, began rebuilding, focusing primarily on the revival of grassroots participation in policy development.

The use of royal commissions to address several major policy issues illustrated that the Progressive Conservatives' populist electoral appeal was not grounded in a comprehensive package of alternative public policies. The party had focused almost exclusively on parliamentary and electoral activities during its period in opposition. It had no organized capacity to address public policies, and was therefore not prepared for governance. Once in office, the Progressive Conservatives paid a heavy price for this shortcoming.

As the Liberals overhauled party structures, they rejected the tradition of regional notables dominating the extra-parliamentary party. The Liberals placed new emphasis on eliciting grassroots participation to revitalize the party's policy development. These efforts were exemplified by the much-heralded Kingston Conference of 1960, which set the policy agenda for the first Pearson government, elected in 1963. Moreover, once in office, Pearson brought with him the chief architect of party policy, Tom Kent, to ensure a party policy presence in the inner circles of the cabinet, the caucus and the central bureaucratic structures that served the prime minister in his role as head of cabinet. (Doern 1971)

Several developments hampered the revitalization promised by this new phase in Liberal party affairs. First, the fate of the national parties was tied increasingly to the ability of the leaders to connect directly with the

electorate. This meant that party apparatuses were centralized for electoral campaigns. Second, the new means of advertising during elections – television – required nationally directed campaign advertising. Third, the parties began to use opinion polls to gauge public response to policy issues and to determine public views on the relative importance of items on the national agenda. As a consequence, policy development was increasingly influenced by party pollsters and became geared to electioneering. These developments widened the gulf between the extra-parliamentary party membership and the central party strategists. (Carty 1991a RC)

Both the Progressive Conservative and Liberal parties failed to obtain a majority in the 1962, 1963 and 1965 elections. In 1962, the Social Credit Party captured 30 federal seats, most of them in Quebec, with only 12 per cent of the popular vote. This demonstrated not only the inability of the larger parties to generate a majority, but also the ease with which a smaller party with regionally concentrated voter support could gain entry to Parliament. In 1965, the Quebec wing of the Social Credit Party broke with the national party, forming the *Ralliement créditiste* under the leadership of Réal Caouette. The NDP was also building its electoral support steadily during this period, after CCF support declined to a post-war low in 1958.

Leadership Politics, Executive Federalism and Interest Groups

Beginning with the Liberal government of Pierre Elliott Trudeau in 1968, a deliberate effort was made to enhance the capacity of the central political apparatus – the prime minister and the cabinet – to monitor developments in and proposals from government departments and agencies. The federal government was looking for alternative sources of policy advice for the executive. These alternatives came from newly expanded bureaucratic agencies such as the Privy Council Office and the Treasury Board Secretariat, as well as from a partisan agency, the Prime Minister's Office. The Liberal Party as such had little involvement in offering policy advice or direction. More important, there was a perception that MPs, constituted as the caucuses of the parliamentary parties, had little influence, despite their impact on many public policies. This perception was reinforced by the fact that the activities of MPs frequently took place in caucus or in other arenas out of the limelight. (Thomas 1991 RC)

The emergence of a new mandarinat in Ottawa was a much publicized feature of the Liberal government of Pierre Elliott Trudeau. Neither the Progressive Conservative government of Joe Clark nor the current government of Brian Mulroney, however, significantly altered the basic features of the central machinery of government as it relates to the role of the parliamentary party and the extra-parliamentary party. Prime Minister Mulroney has been more sensitive to the claim of the Progressive Conservatives that government policy should reflect the stated values and policy preferences of the party; in this respect, there is a new balance within the

central executive machinery that mixes technical and partisan input. (Aucoin 1986; 1988)

The role of the party in parliamentary government remains contentious. Despite the reforms of parliamentary committees under the Trudeau and Mulroney governments, the perception persists that MPs who are not in the cabinet have little collective or individual capacity to influence public policy.

Since the 1960s, a second arena labelled executive federalism has evolved; under executive federalism, national agreements are reached by political executives from federal and provincial governments. This arena has been essentially closed to elected legislatures and extra-parliamentary party organizations. Only ministers and their advisers participate in these deliberations and decision-making forums.

The origins of executive federalism lie in the dramatic transformation of federal-provincial relations during the 1960s and 1970s, stimulated partly by the Quiet Revolution in Quebec and partly by the growing importance of provincial governments in delivering social and economic programs. It soon became evident that few national decisions of any significance could be made without the direct participation of provincial governments.

As a result, federal-provincial conferences of ministers, including conferences restricted to first ministers (the prime minister and premiers), began to displace the federal cabinet, and especially Parliament, as the arenas for reaching national decisions and representing regional interests. These conferences also offered a mechanism for regional accommodation that cut across party lines. The increasing separation of the federal and provincial wings of the national parties meant that provincial interests were more likely to be represented through federal-provincial relations than through political parties, even when the same party was in power at both levels.

The exclusive nature of federal-provincial summits has attracted criticism. Political scientists began commenting many years ago on the consequences of these intergovernmental processes, including processes at the bureaucratic level, on relations between the executive and legislative branches. These commentators also noted the effects on the access interest groups have to decision makers. (Smiley 1980; Simeon 1972) Public and media attention to this phenomenon is more recent, stemming largely from the use of these processes for the constitutional changes that resulted in the Meech Lake Accord of 1987. Despite the perception that these processes were closed, the Meech Lake Accord was subject to the approval of Parliament and all ten provincial legislatures. The requirement for unanimity ultimately defeated the accord when it did not receive approval in two provincial legislatures. As Alan Cairns (1990) has noted, the perceived exclusionary qualities of executive federalism are now especially problematic with the *Canadian Charter of Rights and Freedoms*. Along with other factors, the presence of the Charter has prompted women's, ethno-cultural and Aboriginal groups to seek greater participation in the major decision-making processes and institutions that affect their interests.

The continued presence of many parties and the difficulties of the two largest in accommodating demands for participation coincided with the rapid rise of organized interest group politics during the 1970s and 1980s. This development further undermined the credibility of political parties as primary vehicles for articulating and promoting political ideas and interests. In addition to a proliferation of groups representing specific economic interests, a variety of new groups sprang up promoting various 'public interest' objectives. Although pressure groups were traditionally seen as mainly representing established economic interests, by the early 1970s the notion of interest group politics had taken on a different meaning as advocacy groups became increasingly important and effective. The increasing prominence of these new groups was stimulated in part by direct financial support from various government agencies; sometimes cabinet ministers encouraged this support as a means of cultivating backing for their policies and political support in their constituencies or regions. (Pross 1986)

These developments also emerged from and reflected broader social changes. There was a generational change in attitudes about politics and the most effective means of political participation. There was a generational revolt against the 'end of ideology' ethos that pervaded North American political and intellectual life in the early and mid-1960s. Furthermore, younger generations in Canada and abroad were less enamoured with established political parties of all persuasions. They preferred to pursue their particular political interests, ranging from environmental causes to the rights of women and minority groups, through single-issue organizations with the sole purpose of promoting a specific cause.

The growth of the administrative state in response to the expansion of government's role in society and the economy had the effect of diffusing power throughout the federal bureaucracy. This, coupled with the limited capacity of governing parties, and even opposition parties, to respond quickly and decisively to new policy issues, created an incentive for interest groups to bypass the traditional avenues of access to political power. Instead, groups often found it more effective to put their demands to particular government departments and agencies and to marshal their energies behind their specific issue.

Interest groups have also been evolving. Some groups have been able to show that using highly public tactics can indeed result in changes in government policies. This has had a demonstration effect among interest groups. As a further consequence, many citizens have found that pursuing a single issue through a single-purpose organization is much more satisfying than participating in a political party, where they would have to accommodate their goals with competing interests.

As a result, many citizens, especially large numbers of well-educated activists, have eschewed partisan politics, and thus political parties, as mechanisms of democratic political participation. (Nevitte 1991 RC)

This affects parties across the political spectrum. Three dimensions of this phenomenon are critical.

First, many of these activists express, explicitly or implicitly, strong anti-party attitudes. The legitimacy of political parties as primary political organizations is questioned in ways reminiscent of earlier populist movements such as the Progressives. (Covell 1991 RC) Political parties are painted either as organizations unwilling to adopt wholeheartedly the particular goal espoused by activists or as obstacles thwarting the direct expression of popular sentiments.

Second, many interest groups are using sophisticated tactics that allow them to shape the political agenda, especially as interpreted by the mass media. These groups are no longer willing to work within political parties or to confine themselves to the executive-bureaucratic arena.

Third, many groups have begun to involve themselves in elections by supporting or opposing parties, their candidates or both. Sometimes, this involvement has benefited particular parties or candidates; in other cases the involvement has been non-partisan, at least in directing support to any single party. Although some environmentalists have become involved in electoral politics through the Green Party, in general the new advocacy groups have not attempted to form distinctive political parties of their own. They are more likely to pursue their objectives through other means.

The Public Image of Political Parties

In many ways we seem to be in an era of anti-politics, although the rapid emergence of new parties points to the need to exercise caution in drawing conclusions. Canadians appear to distrust their political leaders, the political process and political institutions. Parties themselves may be contributing to the malaise of voters. In submissions and at Commission hearings, Canadians complained about perceived abuses at the constituency level in nomination contests and delegate selection for leadership conventions. Media reports of these types of complaints tarnish perceptions of the parties.

Whatever the cause, there is little doubt that Canadian political parties are held in low public esteem, and that their standing has declined steadily over the past decade. They are under attack from citizens for failing to achieve a variety of goals deemed important by significant groups within society. Table 5.1 shows that compared with other important social and political institutions in Canada, public confidence and respect for political parties is modest and has been declining over time.

Governments, and the parties forming them, are blamed for failing to deliver on many if not all these goals. Yet achieving these goals requires trade-offs in a parliamentary context, and political parties remain the only organizations capable of reconciling conflicting interests and generating consensus on the fairest way of doing so.

Table 5.1
Public respect and confidence in Canadian institutions
(per cent)

Institutions	Year	A great deal or quite a lot	Some	Very little	No opinion
Churches, organized religion	1979	60	27	12	2
	1984	54	30	15	1
	1989	55	29	15	1
Public schools	1979	54	29	12	4
	1984	56	30	11	4
	1989	62	30	6	2
Supreme Court	1979	57	21	8	14
	1984	55	26	10	9
	1989	59	24	11	5
Newspapers	1979	37	38	22	3
	1984	37	42	20	2
	1989	36	44	19	2
House of Commons	1979	38	36	15	11
	1984	29	41	20	10
	1989	30	43	21	6
Large corporations	1979	34	35	24	8
	1984	28	43	22	6
	1989	33	43	20	5
Political parties	1979	30	43	22	5
	1984	22	43	30	5
	1989	18	46	33	3
Labour unions	1979	23	34	36	7
	1984	21	36	39	4
	1989	28	37	31	5

Source: Gallup Report, 9 February 1989.

Note: Wording of question: "I'm going to read a list of institutions in Canadian society. Would you tell me how much respect and confidence you, yourself have in each one – a great deal, quite a lot, some or very little?"

Worldwide, respect for politicians has fallen, but this drop may be more pronounced in Canada. Table 5.2⁴ depicts changes over a quarter of a century in responses to standard questions measuring political cynicism. It shows a steady rise in the proportion of Canadians agreeing with statements such as "government does not care about people like me" and "those elected soon lose touch with the people". Table 5.3 displays data for similar questions asked in the United States over a roughly comparable time period. Not all the questions are identical, but it appears that in the United States the rise in cynicism is not as pronounced as in Canada.

At the same time, Canadians still seem to have a great deal of respect for their MPs. Paralleling U.S. survey findings, more than 60 per cent of Canadian voters who had an opinion felt that their MP did a good to very good job of keeping in touch with people in the constituency. (Blais and Gidengil 1991 RC) Of those who had had contact with their MP, 65 per cent indicated being "somewhat satisfied" to "very satisfied" with the result. (Blais and Gidengil 1991 RC)

Table 5.2
Evolution of political cynicism in Canada
(per cent cynical)*

	1965	1968	1974	1979	1984	1988	1990
1. Government does not care	49	45	59	53	63	—	70
2. Government crooked	27	27	—	—	—	52	—
3. Government wastes	38	46	—	—	—	66	—
4. Distrust government	39	39	—	—	—	49	—
5. Those elected lose touch	60	61	65	65	78	—	79
6. Government not smart	56	49	—	—	—	63	—

Source: Blais and Gidengil 1991 RC.

*Indicates response category presented in the table. Percentages exclude don't know category and missing values.

Wording of questions:

1. I don't think governments care much what people like me think.
 - *1. Basically agree.
 2. Basically disagree.
2. Do you think that:
 - *1. Quite a few of the people running the government are a little bit crooked?
 2. Not very many are crooked?
 3. Hardly any of them are crooked?
3. Do you think that people in the government:
 - *1. Waste a lot of the money we pay in taxes?
 2. Waste some of it?
 3. Don't waste very much of it?
4. How much of the time do you think you can trust the government in Ottawa to do what is right?
 1. Just about always.
 2. Most of the time.
 - *3. Only some of the time.
5. Generally, those elected to Parliament seem to lose touch with the people.
 - *1. Basically agree.
 2. Basically disagree.
6. Do you feel that:
 1. Almost all of the people running the government are smart people who usually know what they are doing?
 - *2. Quite a few of them don't seem to know what they are doing?

Table 5.3
Evolution of political cynicism in the United States
(per cent cynical)*

	1968	1972	1976	1980	1982	1984	1986
1. Government does not care	44	50	54	55	49	44	55
2. Government crooked	26	38	42	49	—	33	—
3. Government wastes	61	68	77	80	68	66	—
4. Distrust government	38	46	66	74	67	55	62

Source: Adapted from Blais and Gidengil 1991 RC.

*The wording of the questions was similar to that in Table 5.2. Note, however, that in item 1 the word 'government' is replaced with 'public officials'.

What do Canadians dislike about their political parties? Table 5.4 presents the percentage of agreement with four propositions about parties. Respondents clearly believe that parties confuse rather than clarify issues and that they 'squabble' too much. At the same time, there is much less agreement on whether all parties are the same; about half of respondents perceive some meaningful choice between parties. Feelings about confusing issues and squabbling may, however, partly reflect the limited efforts by parties to engage in political education and discussion of policy issues.

Table 5.4
Attitudes about parties in Canada
(per cent)

	Basically agree
1. Parties are the same	47
2. Too much party squabbling	81
3. Parties confuse the issues	87
4. MPs should vote freely	78
5. Without political parties, there can't be true democracy	74

Source: Blais and Gidengil 1991 RC.

Note: Wording of the questions:

1. All federal parties are basically the same; there isn't really a choice.
 1. Basically agree.
 2. Basically disagree.
2. Our system of government would work a lot better if the parties weren't squabbling so much of the time.
 1. Basically agree.
 2. Basically disagree.
3. The parties confuse the issues rather than provide a clear choice on them.
 1. Basically agree.
 2. Basically disagree.
4. We would have better laws if Members of Parliament were allowed to vote freely rather than having to follow party lines.
 1. Basically agree.
 2. Basically disagree.
5. Without political parties, there can't be true democracy.
 1. Basically agree.
 2. Basically disagree.

The strong agreement with the statement that MPs should "vote freely rather than having to follow party lines" when voting on controversial issues reflects not only on parties but also on the parliamentary system within which parties operate. Survey evidence over the years clearly indicates that most Canadians resent the norms of party discipline as they operate in Parliament, and that these views are not a recent phenomenon. (Johnston 1986; Blais and Gidengil 1991 RC)

It is generally agreed that in responsible government, cohesive parliamentary parties are an essential link between the position and policies of the parties in Parliament and the actions pursued by the cabinet. Parties become meaningful only to the extent that party members in Parliament hold to a common position. Without cohesive parties it would be difficult for

voters to vote for or against a party or a party policy. Even so, Canadian parliamentary parties have traditionally been much more exacting when it comes to enforcing party discipline than parties in Great Britain, for example. MPs, therefore, could be given greater scope and freedom on certain kinds of votes – as long as these votes were not treated as confidence motions – without necessarily undermining the theory and practice of responsible government.

The norms for party discipline in the Canadian House of Commons seem to be changing. The May 1991 Speech from the Throne promised new House procedures to “enhance the role of individual members and afford them greater independence”. (Canada, House of Commons, *Debates*, 13 May 1991, 5) In September 1991, the federal government announced as part of its constitutional reform proposals that “the Government of Canada, in cooperation with all parties in the House of Commons, will explore ways and means to strengthen the representational and legislative capacities of individual members of Parliament”. (Canada 1991, 15) Possible reforms included more free votes in the House of Commons, giving more attention and priority to private members’ bills and an expanded role for parliamentary committees in reviewing government legislation.

At the same time, Canadians understand that the role of cohesive political parties in organizing the vote in the House of Commons is important. This is reflected in the response to the fifth item in Table 5.4. Nearly three-quarters of respondents indicated agreement with the statement: “Without political parties, there can’t be true democracy.” (Blais and Gidengil 1991 RC) The paradox in the responses to items 4 and 5 no doubt reflects the fact that Canadians do indeed wish to vote based on the party and its leadership. This interpretation is corroborated by the fact that independent candidates do poorly. (Bertram 1991 RC) Even incumbents who leave their party on a point of principle to sit as independents seldom fare well at election time – whether or not they were well regarded in the constituency. The quality of the local candidate is still important; it can make the difference in tight constituency races. The evidence overall, however, indicates that voters tend to vote primarily on the basis of party and party leadership.

Canadians would like greater control over their representatives and over public policies, especially between elections. This impulse is reflected in public opinion data and in several proposals received by the Commission calling for the use of referendums and the introduction of procedures for constituents to recall their MPs. These suggestions are discussed in Volume 2, Chapter 9.

Canada’s political geography complicates the situation. The national swing in electoral results has never been unusually strong, but regional swings have been quite pronounced, often as strong and sometimes stronger than the national swing. (Jackman 1972; Ferejohn and Gaines 1991 RC) In the 1988 election, for example, the Atlantic region tended to vote in one direction, Quebec in another direction and Ontario somewhat evenly among the three largest parties. This likely indicated, in part, different responses to the free trade issue.

Despite high turnover at the level of individual MPs, elections do not necessarily spell significant change. (Blake 1991 RC) Even when the governing party changes, as in 1984, the basic regional characteristics underpinning the winning party may remain in place, with most MPs in the governing party still from Ontario and Quebec. This is a complaint heard frequently in western Canada. Here, unfortunately, the party system reflects the facts of Canada's large size and regional diversity. The majority of voters live in central Canada. To enhance the influence of the less populous provinces would depart significantly from the principle of representation on the basis of population, a cornerstone of our democratic system. There are other means available to remedy some of the problems arising from our political geography, including a reformed Senate.

Nonetheless, concerns about our political parties as primary political organizations are significant and legitimate. Except at election time, political parties appear to provide only very limited opportunities for participation by ordinary citizens. At the level of the constituency association, which is virtually the only avenue for obtaining membership in one of the larger parties, participation in party affairs between elections is very limited. Evidence indicates that on average a core of only 19 party members in each constituency association meets regularly. (Carty 1991a RC)

In recent years, the parties have been outflanked by public interest groups as a channel for political participation by ordinary citizens. Political parties are at a disadvantage in this respect; interest groups frequently focus on single issues and are largely unconcerned with balancing competing objectives within the organization. Parties must reconcile often sharply conflicting interests, for example, bridging the needs between environmentalists and forestry workers or business owners. Furthermore, although they are often highly visible, interest groups represent at best only a limited spectrum of public opinion. It falls to the political parties to represent those whose interests are not articulated by organized groups.

The Diversity of the Party System in Canada

Although the historical treatment of political parties in Canada has focused mostly on the traditions and records of the three largest parties, the landscape of the Canadian party system is much more rich and varied. Many smaller parties have developed partisan constituencies of loyal and committed supporters. And while these parties normally have nominal electoral success in federal elections, their presence suggests a party system that is more complex than generally assumed. Further, electoral support for these parties indicates that, despite the increased activism of interest groups, Canadians are hesitant to abandon the institution of party and embrace excessive factionalism. Our attitudinal survey showed that many Canadians want the electoral process to be made more accessible to the non-traditional parties so that voters have a broader choice in the selection of their elected representatives. The presence of a large number of distinct

parties indicates that many Canadians want their representational needs affirmed through the electoral process rather than through the specific agendas of interest groups. A brief review of several of these parties follows.

The Communist Party of Canada (CPC) was founded in 1921 in a political climate that was hostile to communist ideology. The structure of the CPC was modelled on guidelines established by the 1919 Communist International for all communist parties. Unlike most other Canadian political parties, the CPC was not organized on territorially defined units but around small cells of workers and supporters. The cells were part of an overall hierarchical structure that was highly centralized and dominated by the party leadership.

Although the electoral success of the CPC was modest in the Great Depression, it was banned in 1931 by the Conservative government of R.B. Bennett. The ban was lifted in 1934. From 1943 to 1959, the CPC reorganized itself as the Labour Progressive Party. In the early 1940s the Communist Party enjoyed a small measure of electoral success. Communist members were elected to the provincial legislatures of Ontario and Manitoba, and Fred Rose, a Communist MP, was elected to the House of Commons in a 1943 by-election. (Whitehorn 1991)

The party was subjected to public hostility and state scrutiny during the McCarthyite period of the 1950s. It was also affected by internal party struggles following the destalinization movement in the Soviet Union. In the 1960s the Communist Party fractured into rival pro-Maoist and pro-Marxist-Leninist factions, reflecting international divisions within the communist movement, as represented by the Sino-Soviet disputes.

The contemporary communist movement in Canada continues to be fractured among rival ideological groups. The CPC itself, however, "continues to adhere to democratic centralism and a Moscow-directed policy orientation". (Whitehorn 1991, 355) In the 1980, 1984 and 1988 federal elections, the faction bearing the name the Communist Party of Canada "ran 52 candidates and received 6022, 7609 and 7180 votes respectively for an average of less than 150 votes per candidate". (Whitehorn 1991, 359)

The Libertarian Party of Canada was founded in 1973 by Bruce Evoy and a small group of Canadians who espoused a free-enterprise ideology. The creation of the party was partly a response to a perception that the federal Progressive Conservative Party was not sufficiently receptive to market-oriented economic policies. Many of the Libertarian Party's founding members had been involved in fledgling Libertarian groups during the 1950s and 1960s. The founding of the American Libertarian party in 1972 provided a catalyst for the emerging Canadian movement. American free-enterprise writers and academics who were especially prolific during this time served as the intellectual inspiration for Libertarian Party members in Canada. The party ran 24 candidates as 'independents' in the 1974 federal election and first achieved registered party status in the 1979 federal election.

The Green Party of Canada was founded in 1983 largely through the efforts of environmental activist Paul George. In the early 1980s, the membership base of the party was restricted mostly to British Columbia and Ontario. When it was founded, the party was concerned primarily with peace activism and halting the proliferation of nuclear weapons. In more recent years, the party has stressed environmental protection issues.

The 1983 founding convention of the Greens was marked by internal conflict over the organizational structure of the party. Delegates attending the convention were divided on whether decision making inside the party should be based on consensual or majority-rule principles. The issue went unresolved until the party adopted a national constitution in 1988 that established a highly decentralized party structure. Provincial divisions of the party were given rotating responsibility for maintaining the party at the federal level.

From its inception, the Green Party has promoted values that reflect some of the traditions of the European Green parties, but it is also infused with a North American concern about wilderness preservation. (Bakvis and Nevitte 1990) These values include non-violence, sustainable economic development, the preservation and restoration of ecosystem diversity, eco-feminism, cultural and multi-racial diversity, and consensual and decentralized decision making. Because the Greens are adverse to the notion of a hierarchical structure, they respond to the legal requirement in the *Canada Elections Act* that they have a leader by appointing a nominal leader who has very restricted formal authority within the party. The role of official spokesperson has been divided among members representing the party's five regions.

The Christian Heritage Party (CHP) was founded in the lower mainland of British Columbia in 1986 by a group of people concerned with issues of fiscal responsibility and traditional family lifestyles. Its first president was Bill Stilwell. Many of the party's members were former Progressive Conservative supporters who believed that the party had become inattentive to a number of issues critical to preserving traditional family values and structures in Canada. Many CHP members are dedicated pro-life supporters who are critical of the positions maintained by the three largest parties on this issue.

The CHP held its founding national convention in November 1987 in Hamilton, Ontario. At the convention, more than 500 delegates endorsed the party's guiding principles, policies and constitution. The party's fundamental principles include civil government in accordance with biblical principles, and the promotion of fiscally and socially conservative policies. By 1988 the party had constituency associations in most provinces. In the 1988 federal election the CHP was registered as a political party and nominated 63 candidates.

The populist-based Reform Party can be traced back to discontent in the western provinces with the policies of the federal Progressive Conservative government in the late 1980s. In the spring of 1987, Preston Manning, John

Muir and Stan Roberts founded a non-partisan western-rights movement called the Western Reform Association (WRA). The association focused on several federal government policies that many western Canadians had criticized, and on the influence western Canadians had in the central institutions of the federal government. At an assembly in May 1987, 76 per cent of WRA delegates voted in favour of forming a new party that would present its concerns to western voters through electoral competition. In November 1987, the Reform Party of Canada held its founding meeting in Winnipeg. At the convention, Preston Manning was acclaimed as party leader.

Following the issue of the writs for the 1988 federal general election, the Reform Party was officially registered as a political party. It nominated candidates in 72 constituencies. In 1989 the Reform Party elected its first MP, Deborah Gray, to the House of Commons in an Alberta by-election. A Reform Party candidate received the largest number of votes in a special election held in Alberta in 1989 to determine what name the provincial government would present to the federal government to fill a Senate vacancy, as provided for in the 1987 Meech Lake Accord. (McCormick 1991, 345)

In 1990 a group of MPs dedicated to promoting Quebec sovereignty in the House of Commons organized themselves into the Bloc québécois. The MPs were formerly members of the Progressive Conservative or Liberal parliamentary caucuses. A candidate of the Bloc québécois ran successfully as an 'independent' in a federal by-election in August 1990. Party registration rules did not allow the Bloc québécois to become registered without nominating candidates in at least 50 constituencies during a federal general election; the Bloc québécois was therefore unable to have its name placed on the ballot during the by-election.

The views and values of the Bloc québécois MPs are based on a formal party mission statement or manifesto. The party sees its mandate as "[to] contribute to the achievement of Quebec sovereignty and the negotiation of relevant agreements".

The Bloc québécois' founding convention, attended by 400 delegates, was held in June 1991 to draft a party constitution. The constitution was finalized in August 1991. The constitution gives members an active role in developing party policies. The general policies of the Bloc québécois are determined by delegates attending biennial conventions. Party leaders are elected by a majority of delegates from constituency associations and have considerable authority over the organizational structure of the party. Members of the Bloc québécois must be residents of Quebec, be at least 16 years of age and adhere to the objectives of the party.

THE PUBLIC AND PRIVATE DIMENSIONS OF POLITICAL PARTIES

Canadian political parties are essentially private organizations. They always have been, and should remain so for very good reasons. Citizens have the right to associate freely for political purposes. Legislation concerning parties,

therefore, must be careful not to invade their internal affairs or jeopardize the right of individuals to associate freely. At the same time, political parties are responsible for a number of critical functions in the electoral process and, as most democracies take for granted, constitute an integral component of democratic governance. For certain purposes, then, parties deserve special acknowledgement in law and must be subject to some public regulations.

The Constitution and Organization of Parties

The structure of the large national parties reflects our parliamentary heritage and the federal nature of the country. Their structure also reflects various tensions within the parties as they try to reconcile the conflicting demands of the parliamentary party, the electoral campaign team and the party associations nationally, provincially and locally.

Party Structure and Organization

The basic organizational structure of the parties represents their efforts to manage and direct their activities toward achieving their objectives. Their structure is also affected by low levels of political participation, which limits the number of volunteers available. Parties must assign most organizational tasks to party officials and paid staff. For the larger parties, their goals are primarily electoral – winning office. For others, such as the Christian Heritage Party and the Greens, their goals lie much more in promoting certain values, and in the long run, raising the consciousness of the Canadian public. In these respects, these new parties are much like the CCF in its early days.

Key structural dimensions of the largest parties encompass the distinctions between the party leadership – including party professionals responsible for the national election campaign – and the parliamentary party and the extra-parliamentary party, including local associations and rank-and-file members. These distinctions underscore a central tension in the Progressive Conservative, Liberal and New Democratic parties, namely calls for openness, mass debate and autonomy of local associations on the one hand, and pressures for legislative flexibility and executive action on the other. In keeping with the role of these parties as primarily electoral machines, the forces for executive action have come to predominate in key areas related to running national election campaigns. Furthermore, it is the party leader who has tended to dominate not only the extra-parliamentary party but also the parliamentary party. Particularly now, with the personalities of party leaders dominating election campaigns, party structures have come to revolve in large measure around the party leader in the House of Commons. (R. Pelletier 1991 RC)

The three largest parties have roughly similar organizational formats. In all three, the biennial convention is considered the party's supreme authority. Between conventions, the party's national executive, or the federal

council in the case of the NDP, renders decisions. The real power, however, tends to reside in the executive or steering committees and in the national party offices. At election time, the national campaign committees predominate, as they draw on key party personnel and prominent figures and, in the case of the governing party, cabinet ministers.

Yet for all the influence enjoyed by party leaders and a party structure operating apparently to their advantage, a central management team does not control all party activities. Party leadership has surprisingly little control over important areas of party activity, especially candidate selection.

Furthermore, the three largest parties must deal with the provincial wings of their parties, that is, the wing of the party organized to compete for power at the provincial level. The need to develop appropriate organizational structures in this respect is complicated by the nature of Canadian federalism. Party structures must take into account that both voters and members may have different party preferences at the federal and provincial levels. There is also often considerable tension between the federal government and provincial governments, even when the same party is in power at both levels.

The need to reconcile these federal-provincial considerations has important implications for the way in which party members participate in party affairs and the manner in which functions such as candidate selection are handled. Although these parties face a similar dilemma in dealing with their provincial wings, each has found a different structural solution to the problem.

The Progressive Conservative Party operates with separate federal and provincial parties although all their provincial legislative members have automatic convention delegate status in the federal party. While it normally employs a field organizer in each province, the provincial parties have no role in the federal party. In the Atlantic provinces, the field organizer shares office space and support staff with the provincial party. In the other six provinces, the party maintains separate offices. The federal party has direct links with grassroots federal constituency associations, bypassing the provincial level.

Each province is represented by a vice president on the national executive committee, but such members are not necessarily linked with the provincial party. Although provincial party leaders, the president, women's president, youth president and vice presidents of each provincial association sit on the national executive, this body rarely meets. (Dyck 1991 RC) The more critical decisions are made in the executive committee of the national executive, which meets more frequently, and in particular, in the steering committee. The steering committee can act in the name of the executive committee between meetings of the latter, and thus holds *de facto* authority for most decisions affecting party operations. The relative absence of formal structural links with provincial parties gives the Progressive Conservative Party flexibility in cultivating a national orientation and at the

same time maintaining informal links with parties at the provincial level that are not Progressive Conservative.

Between 1932 and 1968, the Liberal Party of Canada was called the National Liberal Federation of Canada; and in some important respects it is still a federation of 10 provincial and two territorial units. In four provinces known as the 'split' provinces – Quebec, Ontario, Alberta and, most recently, British Columbia – the federal Liberal Party exists alongside the provincial Liberal Party. In these provinces, the Liberal Party of Canada is represented through provincial associations; for example, by the Liberal Party of Canada (Ontario) in Ontario and by the *Parti libéral du Canada* (Québec) in Quebec. These associations have separate or concurrent responsibilities with the national party for fund raising, for setting rules for the candidate selection process, for policy development and the adoption of resolutions for national policy conventions, and for the maintenance of membership lists. These provincial associations are governed by separate constitutions. However, if a conflict arises between the constitution of the national party and the provincial association, the national policy of the party takes precedence.

In the remaining provinces and territories the structure of the Liberal Party is integrated – they are called 'unitary' or 'joint' parties – and the provincial organization functions as a branch of the federal party. In most of the western provinces the provincial half of the joint party is weak or virtually non-existent, which means that the integrated party really has meaning only in the four Atlantic provinces. The Liberal Party of Canada, however, does keep separate offices in Quebec, Ontario and Alberta, and fund-raising offices in Newfoundland and British Columbia. (Wearing 1988, 183) Further, there are 12 regional presidents that sit on the national executive.

Before 1990, one could become a member of the national Liberal Party in the provinces with joint parties only by joining both federal and provincial parties. After constitutional amendments passed in 1990, it became possible to take direct membership in the federal party in all provinces and territories through local constituency associations. Finally, even in the integrated provinces, few joint federal-provincial constituency associations remain. Where they exist, one association tends to be a shell for the other – in New Brunswick and Nova Scotia, for example, the provincial constituency associations are the real engines of activity. (Dyck 1991 RC)

The NDP has by far the most integrated structure of the three largest parties, having joint organizations in all provinces and territories except Quebec. Although its constitution does not use the term confederation, it does provide for an autonomous provincial party in each province. There is no provincial party representation on the federal executive, but the federal council comprises the leader, president, several Members of Parliament, representatives from various trade unions, the secretary and treasurer of each provincial party, as well as three additional representatives from each provincial section. In recent years, the size of the council has increased from

approximately 110 to 175 members to accommodate expanded representation for women, Aboriginal persons and ethno-cultural groups. Membership in the provincial party brings with it automatic membership in the federal party. Provincial offices, executives and conventions serve both levels. In recent years there has been concern in the NDP that provincial associations occupy most of the attention and energies of the membership. As a consequence, a Council of Federal Ridings was established recently in most provinces "to combat the dormancy of the federal party at the provincial and constituency levels between federal elections". (Dyck 1991 RC)

In a break with party tradition, constitutional amendments were passed in 1989 recognizing the NDP of Canada (Québec) as a separate entity from the *Nouveau parti démocratique du Québec*. In that province it then became possible to belong to a provincial party other than the NDP and still belong to the federal party, something that is not permitted in other provinces. In August 1990, when the Quebec provincial party refused to support the federal candidate in a federal by-election, the federal party severed all links with the provincial association.

When the two parties with integrated or partially integrated federal-provincial structures collect funds under the rubric of federal income tax credits, the provincial wing can use these funds in the provincial, and possibly even the municipal, electoral arena. The law is not explicit on this issue, but those responsible for handling party finances in at least two parties expressed concern about potential abuses from the lack of clear legislation or guidelines. (Dyck 1991 RC)

In contrast with the Progressive Conservative, Liberal and New Democratic parties, the Reform Party of Canada is unencumbered by provincial wings; it has decided not to compete for power at the provincial level. Central to the party's decision-making process are the party assemblies, which meet at least every two years, and the executive council. While in theory the assemblies can decide most matters, most power resides in the party's executive council. It is composed of the party leader, the provincial or territorial directors, the chief executive officer of the party fund and provincial or territorial representatives where they have constituency associations.

The Reform Party constitution has a unique provision for referendums: party members "may initiate a formal referendum of the Party membership by submitting a petition to the Secretary of the Party requesting such a referendum and signed by not less than 5% of the Party membership". (Article 8 (b)) Referendums can relate to "any important constitutional, social, economic, or political issue". (Article 8 (a)) Significantly, however, the results of such referendums are merely advisory; they are not binding on the leader or the executive council. Overall, the Reform Party's constitution gives more power to the party leader than those of most other parties. "Between Assemblies, interim policies and objectives of the Party shall be those determined by the Leader in consultation with and approved by the Executive Council", provided party principles are maintained. (Article 1(d))

The constitutions of the Liberals and the NDP, because these parties have federal organizational forms, leave the local nomination process to be specified in their provincial associations' constitutions. This decentralization leads to varying practices within the same party and hampers efforts by the leadership to encourage local associations to accept changes in the nomination process. For example, the British Columbia NDP has a series of provisions governing appeals of nomination contests, while the Manitoba NDP has none; the constitution of the federal Ontario Liberals has rules governing nomination finances, but there are none in the New Brunswick party. (Carty and Erickson 1991 RC)

Although the Progressive Conservative and Reform parties' constitutions tie their constituency associations directly to the national party, neither is significantly more centralized than the Liberals or the NDP for nomination practices. Essentially, the rules are left to be specified in local associations' constitutions, subject only to age provisions for party membership, a local resident qualification for constituency association membership and a minimum notice requirement for a nomination meeting. The Reform Party's national constitution requires that local party members "shall conduct a thorough search ... to find the best possible candidate". (Article 4(a)) This suggests greater central control than the other parties, yet it still indicates that the traditional right to choose the local candidate remains with the constituency association. Among the other parties, the Christian Heritage Party's constitution has by far the most extensive rules governing the nomination process in constituency associations and the operation of provincial and territorial councils and the party youth caucus. For example, the constitution requires members to reside in the constituency of the local association, and it specifies the term of office of executive members of associations and councils and the frequency of meetings of the executive and membership of constituency associations.

The organization of the three largest parties also takes into account non-territorial characteristics. In 1973, the Liberal Party set up a Women's Commission and a National Youth Commission. The Progressive Conservative Party operates a PC Youth Federation and a PC Women's Federation, while the NDP has Young New Democrats and a Participation of Women Committee to promote the involvement of women throughout the party. The creation of special committees and commissions for multiculturalism and Aboriginal people in the Liberal, Progressive Conservative and New Democratic parties indicates how current issues and concerns are handled organizationally by the parties. It was not until the 1960s that these special party groupings were actively included. These organizations have become more prominent in the management of the parties' processes and activities.

These sectoral constituencies are within each party, but the NDP also has to accommodate organized labour. The party was formed as a grouping of social and economic interests. From the outset, organized labour was a

special player in NDP ranks, providing financial support, volunteer labour, meeting halls and public expressions of support. The integral link between the NDP and the labour movement is recognized in the party's national constitution. Article VIII (1)(f) of the constitution states that the membership of the council shall include "one member representing each of the fifteen affiliated organizations with the largest number of affiliated members". This clause effectively guarantees the trade unions 15 members on the council, given that they are the largest organizations affiliated with the NDP. Keith Archer observes that labour leaders typically "occupy approximately 20 to 25 per cent of the executive and officer positions" in the party. (1990, 30) Yet overall, according to Archer: "Only a small, and declining, proportion of union members in Canada belong to locals affiliated with the NDP." (1990, 71)

One of the most important management tools available in any large public organization is its constitution. Typically, it provides a formal guide to the structure and the distribution of power within the organization, articulates the organization's values and goals, and specifies the rights, obligations and duties of its members and officers. A constitution is especially important for the leadership, giving it authority for its actions, for managing the activities of the organization, and in particular, for creating an organizational culture and mobilizing the membership to achieve the organization's goals.

If the constitution is to serve its purpose, there must be a reasonably good fit between the constitution's provisions and the organization's practices. Too large a contrast between formal constitutional provisions and party activities can lead to cynicism and a crisis of authority at critical moments.

To varying degrees the three largest parties suffer in that their formal constitutions only partially approximate the reality of their organizational structures. At the same time, they give party leaders only limited means to mobilize party members. There are areas where party constitutions provide no rules or guidelines about appropriate behaviour. In other areas, practices or local norms clearly contravene the constitution, yet little or no effort seems to be made to enforce party regulations. Finally, given the formal autonomy assigned to local associations, party leaders are actually constrained from intervening in most aspects of candidate selection.

Indeed, the only real authority party leaders have over candidate selection is that provided by law – the requirement that party leaders concur with the nomination of the party's candidate in each constituency. If the leader withholds approval, this action is seen as interventionist. Unfortunately, party constitutions offer little in the way of intermediary steps that could more effectively support party goals for candidate selection and the like.

The Liberals and Progressive Conservatives have both been concerned with what are seen as abuses in candidate and leadership delegate selection and with the need generally to update their constitutions in changing

circumstances. The Liberal Party, for example, struck the Liberal Reform Commission in June 1990, charging it with reviewing a variety of key party organizational matters. Yet doubts remain about whether the three largest parties have the organizational capacity to address the issues now confronting them.

The federal nature of the Canadian political system has influenced the rules and procedures of all the parties, resulting in considerable variation in the rules that exist and the way in which they are applied. Several questions are pertinent. Are these differences appropriate in national parties competing for national office? Do the party constitutions contribute to public confidence in our electoral system and in the parties when they regulate only to a very limited extent such important activities as candidate selection? Finally, do the structure and constitutional framework of the parties really serve the objective of building a broader and more active membership and of mobilizing that membership behind goals deemed important by the national party?

Registration of Parties

Recognition of Parties in Law

Full legal recognition of political parties in their electoral capacity did not occur until the 1970 *Canada Elections Act*. Before this, legislation applied solely to individual candidates, not to parties. In 1874, when the *Dominion Elections Act* brought in the doctrine of agency (first introduced in Great Britain in 1854), the individual candidate and the candidate's official agent were made responsible for reporting election expenditures. The doctrine of agency was not extended to political parties.

Beginning in the 1920s, procedural changes in the House of Commons, stimulated in part by the presence of more than one opposition party, implicitly noted the existence of parties. (Courtney 1978) The *Canadian Broadcasting Act*, 1936 recognized the existence of political parties explicitly by giving the Canadian Broadcasting Corporation full powers to assign broadcasting time "on an equitable basis to all parties and rival candidates". In the 1950s *Hansard* began including a separate appendix listing the party affiliation of MPs. In 1963, an amendment to the *Senate and House of Commons Act* acknowledged the existence of parties, in that leaders of parliamentary parties other than the prime minister and leader of the official opposition could receive a special stipend. Further procedural changes followed, giving speaking privileges to spokespeople for each opposition party in the House of Commons. In its 1966 report, the Committee on Election Expenses recommended the registration of political parties and that the principle of agency apply not only to candidates but also to political parties. These changes were adopted by amendment to the *Canada Elections Act* in 1970 and 1974.

Essentially unchanged since then, the *Canada Elections Act* provides a regulatory mechanism, in the form of a registration procedure, through

which parties gain access to public funding in the form of income tax credits, partial reimbursement of election expenses and free broadcasting time. Through the same mechanism they become accountable for reporting on their financial activities annually and after each election. The present registration procedure also provides a means of identifying the parties on the ballot, for protecting the names and acronyms used by the parties, and for implementing each party leader's obligation to confirm the party's official candidate in each constituency.

Under the *Canada Elections Act* parties are generally treated as organizations whose exclusive function is electoral competition. Except for tax credits, registered parties receive public funding for election-related activities only. It is important to emphasize that the activities of parties between elections are not addressed in the current registration process; nor are the constituency associations of parties and the crucial functions they perform.

Political parties are legally recognized also under the *Parliament of Canada Act*. Parliamentary parties in the House of Commons with "a recognized membership of twelve or more persons in the House [of Commons]" are acknowledged as organizations with continuing roles and responsibilities, and they receive money for their leaders' offices. Parties also receive annual grants for research activities and research staff under rules established by the House of Commons Board of Internal Economy. Research money was first given to opposition parties in 1968; it was extended to the government party in 1979. The research budgets and criteria for funding are determined by the Board. The size of the annual grant is based on the number of MPs elected. The Board has discretion as to whether parties with fewer than 12 members should receive money. For the 1991 fiscal year, the budget for the research office of the Liberal Party was \$926 700, the NDP received \$647 000 and the Progressive Conservative Party received \$1 085 800. This means that parties receive public funding in addition to reimbursements for election expenses.

Parties in Parliament thus have the resources to engage in continuous policy research and development. In contrast to their position under the *Canada Elections Act*, the parliamentary parties are treated as organizations with roles extending beyond periods of electoral competition. The annual research grants are given to parties, not to individual MPs. This approach to allocating research money implicitly if not explicitly recognizes the role of parties in structuring policy ideas and choices. In practice, however, the research done by the parliamentary parties is essentially geared to the short-term needs of parliamentary debate or Question Period; rarely do the parliamentary parties engage in policy development. Nor do they use these resources to promote political education or party discourse on matters of broad public policy.

Comparative Experience

The extent to which parties are legally recognized and regulated in other jurisdictions varies considerably, but two essential points can be made.

First, in many countries including the United States, regulation of the internal affairs of political parties is more extensive and detailed than it is in Canada. Second, even where the legal recognition of parties is limited, there is often legislation to protect the unique place that political parties occupy in the democratic affairs of the nation.

In Great Britain, parties are not registered and do not receive public funding except for free broadcast time. However, the special position of British parties is recognized by measures such as a complete ban on election advertising in the broadcast media during the election period, which is applied to everyone including candidates and interest groups.

In Australia, the legal procedure for registering parties distinguishes between parliamentary and non-parliamentary parties. A non-parliamentary party may be registered if it has at least 500 members and a written constitution; at least 10 party members and the party secretary must make the application. A parliamentary party must meet the additional qualification of having one or more elected members in the national or a state legislature. If minimum thresholds are met, registered parties are eligible for limited election expense reimbursements. The main intent of the Australian legislation, therefore, is to provide a mechanism for public funding of political parties.

In the United States, the *Federal Election Campaign Act* of 1971 (s. 431(16)) defines a political party as "an association, committee, or organization which nominates a candidate for election to any Federal office whose name appears on the election ballot as the candidate of such association, committee, or organization". Any organization satisfying this definition is subject to federal election disclosure rules. Varying from state to state, detailed rules govern access to and the operation of primaries for federal parties. In the United States, therefore, although there is only limited recognition of political parties in federal law, many of the activities of parties, such as candidate selection, are extensively regulated.

Whether a party's name appears on the ballot is also determined by individual states in the United States. With one exception, all states require small parties and independent candidates to go through an onerous petition process to have their names and party affiliations placed on the ballot. Democratic and Republican candidates are for the most part exempt from petition requirements. This can be seen as an implicit means of protecting the primacy of the two main parties.

In Germany the legal framework governing political parties is more fully developed. The *Basic Law* (Germany's constitution, enacted in 1949) recognizes the crucial role of parties in democratic governance and establishes the primary ground rules for parties. "They can be freely formed. Their internal organization must conform to democratic principles. They must publicly account for the sources of their funds." (Article 21(1)) The *Basic Law* also specifies that "details [rules applying to parties] shall be regulated by federal legislation". (Article 21(3)) Many of these "details" were subsequently consolidated and enacted in the *Law on Political Parties* in 1967. The

Federal Electoral Law, enacted in 1956, also contains provisions applying to political parties. The *Law on Political Parties* (s. 1(2)) defines political parties as "associations of citizens who set out to influence either permanently or for a long period of time the formation of political opinions ... and to participate in the representation of the people ... provided that they offer sufficient guarantee of the seriousness of their aims" as demonstrated by the scale of their organization, the number of members and the extent of their public support.

In practical terms, participation in elections to the federal and *Länder* legislatures and maintenance of a permanent administrative organization are the prerequisites for a political party in Germany. Any organization with these two characteristics becomes subject to the *Party Law*, which endows parties with a legal capacity that includes the right to sue and be sued. The *Party Law* also details the requirements of parties for their internal organization, the holding of meetings, internal voting procedures (e.g., use of the secret ballot), the rights of members and party arbitration courts. Under the *Party Law*, however, German parties are essentially self-regulating. Only if it can be demonstrated that a party's internal workings or constitution are undemocratic can that party be brought before the Federal Constitutional Court and be declared unconstitutional. The role of federal returning officers and the sanctions available to them are restricted to enforcing the rule requiring parties to inform them of the party's statutes and the names of members of the executive committee. The *Party Law* also specifies and regulates the principles and scale of reimbursement of election expenses.

The French constitution and specific legislation establish the right of citizens to organize for political action and recognize the special position of political parties. Article 4 of the constitution states: "political parties and groups shall be instrumental in the expression of the suffrage. They shall be formed freely and shall carry on their activities freely. They must respect the principles of national sovereignty and democracy." No advertising is permitted during election campaigns, other than advertising by political parties at locations designated for election posters and on state-allocated broadcasting time. This ban comes into effect three months before the first day of the month in which the election is held. To collect tax-deductible donations, parties must appoint an official agent and make regular financial reports to the appropriate authorities. Direct funding from the state is also available, but only to parties with at least one seat in the National Assembly, or more specifically, to parliamentarians who declare themselves to be a member of a political party. In 1990, 830 of 896 members of the National Assembly and the Senate declared themselves to be members of one of the 29 parties. The position and the obligations of political parties are enshrined in the constitution; their role is protected and fairness is ensured by restrictions on political advertising during election campaigns, restrictions that include banning all non-party advertising.

In several countries there is special recognition of the role political parties play in promoting democratic governance. Particularly in countries that have suffered political upheaval or dictatorship there is explicit constitutional recognition of political parties and the role they are expected to play. This is true not only of Germany, but also of Italy and Greece. Elsewhere, legal recognition, usually in the form of registration procedures, is related to the public funding of parties. In the United States, although there is only limited acknowledgement of parties in federal law, there is nonetheless detailed regulation of federal party activities by state law. All these countries recognize that parties play an important public role in ensuring the continuing viability of the democratic system.

Provincial Comparisons

The *Canada Elections Act* represented a milestone in introducing a registration procedure for political parties. Since that time, most provincial governments have followed with similar legislation. The federal law restricts the registration of parties to the electoral period and does not require registration of local constituency associations. Over time, provincial authorities have refined the federal model, taking into account the federal example and local circumstances. It is therefore useful to examine the provincial experience, because it reflects the evolution of Canadian values and expectations on these matters.

In seven of the 10 provinces – Alberta, British Columbia, Manitoba, New Brunswick, Ontario, Quebec and Saskatchewan – parties may register between elections. The conditions are highlighted in Table 5.5. Two other provinces, Nova Scotia and Prince Edward Island, have registration procedures for parties; in Nova Scotia, registration, or official recognition, can take place only during the election period. In Newfoundland, political parties are not recognized explicitly in the provincial *Election Act*, nor does Newfoundland provide any public funding, directly or indirectly, for political parties.

Five provinces provide for the registration of constituency associations. This was first introduced in Ontario in 1975 by the *Election Finances Reform Act*. Quebec adopted the principle in its 1977 legislation; Alberta also adopted requirements similar to Ontario's in 1977. New Brunswick's 1978 *Political Process Financing Act* provides for disclosure of the finances of registered constituency associations. In British Columbia, constituency associations of recognized political parties wishing to issue tax credit receipts must register with the Commissioner of Income Tax. Our research indicates these requirements are an established part of the regulatory system in these provinces, that they work well and that they do not impose a heavy burden on local associations. (Barrie 1991 RC; Johnson 1991 RC; Massicotte 1991 RC; Mellon 1991 RC)

Table 5.5
Political party registration requirements: provincial comparisons

Jurisdiction	Registration requirement	Inter-election registration	Constituency association registration
Canada	X		
British Columbia ^a	X	X	X
Alberta	X	X	X
Saskatchewan	X	X	
Manitoba	X	X	
Ontario	X	X	X
Quebec	X	X	X
Nova Scotia ^b	X		
New Brunswick	X	X	X
Prince Edward Island	X		
Newfoundland			

Source: Royal Commission Research Branch.

^aPolitical parties, candidates and constituency associations wanting to issue tax receipts are required to register with the Commissioner of Income Tax at the Income Taxation Branch in Victoria.

^bPolitical parties may register between elections, however "recognized political parties" can only register when an election is called. Recognition is necessary for political parties to issue tax credit receipts.

Registration of constituency associations is intended to serve broader purposes than simply offering an accountability mechanism relating to financial reporting and the right to issue income tax receipts. In this connection the Ontario experience is instructive. In its 1975 report, the Ontario Commission on the Legislature (the Camp Commission) criticized constituency associations for being weak and poorly organized, and suggested political life at that level would be revitalized by giving associations the right to use the income tax credit, thereby strengthening their fund-raising capacity. David Johnson reports that, "party officials are uniformly pleased with the enhanced financial and organizational health of constituency associations [in Ontario] and the increased role these bodies can play in the political process". (1991 RC)

On the whole, the provinces provide greater flexibility in the registration of political parties, in particular by providing opportunities for new parties to become registered during the inter-election period (Table 5.6). The provincial registration regimes also tend to be more extensive by virtue of the fact that four provinces have mandatory registration of local associations.

Table 5.6
Inter-election political party registration requirements: provincial comparisons

Jurisdiction	Requirements
British Columbia	Registration with the provincial Income Taxation Branch to receive authorization to issue tax receipts for contributions.
Alberta	Registration under one of three conditions: (1) minimum of three seats in legislature after most recent election; (2) nominated candidates in at least 50 per cent of constituencies during a previous or current election period; and (3) demonstrate support by supplying names, addresses and signatures of at least 0.3 per cent of eligible voters.
Saskatchewan	Parties must register with the chief electoral officer (CEO) before they can solicit or receive contributions or spend on behalf of the party or candidate. CEO may de-register party if at close of nominations for general election it has failed to nominate at least 10 candidates.
Manitoba	Registration with CEO under one of three conditions: (1) party has four or more seats in legislature; (2) party must endorse five or more candidates in general election; and (3) party supported by a petition signed by 2500 voters or more. CEO may de-register automatically if party does not field at least five candidates in election.
Ontario	Registration under one of two conditions: (1) parties must nominate candidates in at least 50 per cent of constituencies following the issue of the writs for general election before being eligible to register; and (2) a party can apply to the Ontario Elections Finance Commission by providing names, addresses and signatures of 10 000 qualified voters who support the party.
Quebec	Parties must agree to nominate candidates in at least 10 constituencies. Application must include the names, addresses and signatures of 1000 voters declaring support.
New Brunswick	Registration with CEO if party leader was elected by convention, party has constituency associations in at least 10 constituencies and undertakes to present candidates in at least 10 constituencies at the next election.

Source: Royal Commission Research Branch.

Improving the Registration Process

There are a number of deficiencies in the current practices for recognizing parties:

- There is a gap between the *Canada Elections Act* and the *Parliament of Canada Act*. The former treats parties as electoral machines, while the latter provides for public funding of parliamentary parties for inter-election activities.
- The registration procedure provides only a single definition, which makes no distinctions between small parties that are unlikely to reach the threshold for obtaining reimbursement and the larger parties seriously seeking to form the government.
- There is no provision for registering the constituency associations of political parties.
- There is a gap between what the law considers a legally registered party and the criteria used by broadcasters to allocate broadcasting time among the parties.
- Even though election finances are regulated, the law provides no framework to govern internal party processes. For instance, the critical issue

of membership – who can and cannot participate in the affairs of the party and in opportunities for potential education and discourse – is not addressed.

There are two broad reasons why the conduct of parties generates legitimate public concern. First, the state subsidizes parties and candidates through tax credits and provides reimbursements for election expenses. Many interveners at our public hearings argued that given the significant public subsidy of parties and their candidates, there is a public interest in ensuring that parties conduct their nomination and leadership processes in ways that meet norms and expectations concerning the use of public monies.

Second, public concern arises because party activities have a significant impact on our electoral democracy, and there exists, therefore, a legitimate public interest. Parties have a critical public role: they provide the vehicle for nominating candidates and for choosing leaders, even prime ministers. These activities are understandably scrutinized in terms of public norms and values. Because parties serve as the principal gatekeepers in determining which candidates and leaders are selected, there is a legitimate public interest in ensuring that fair and equitable procedures apply to candidate and leadership selection processes.

In the Canadian political system, the leadership selection process that goes on in the political parties is a critical part of our whole democratic process.... And so, that process becomes very much a public process.... As a member of a political party who becomes a voting delegate at a convention, I have pre-selected for all Canadians who may become Prime Minister of this country. (R. McCarney, Symposium on the Active Participation of Women in Politics, 1 November 1990)

Given that the public has a definite stake in the way the parties fulfil their public responsibility, it is reasonable and justified that parties adhere to standards for constitutional practices, membership requirements and full financial disclosure and transparency.

Party Constitutions

In the discussion of party structures, practices and constitutions, several problems became evident: party constitutions are often silent on important issues relating to candidate selection and the like; there is considerable variation in rules and procedures from one constituency association to another; and constitutional provisions relating to membership requirements can be ignored or overridden at the constituency level. The registration requirements in the *Canada Elections Act* are silent on these fundamental questions. Nor does the Act provide a definition of the purposes of a registered party.

The adoption of the *Canadian Charter of Rights and Freedoms* has heightened awareness among Canadians of the primacy of certain democratic values and ideas. The Charter is now the foremost constitutional document in the country; it articulates the democratic principles that bind Canadians together as members of the same political society. An opportunity exists for political parties to embody some of these principles through the development of constitutions that seek to be both inspirational and functional. Currently, the constitutions are mostly a collection of rules and procedures that establish the organizational structures of the parties and identify the different responsibilities of the parties' constituent parts. This is not to deny that the constitutions affirm certain principles, but only to suggest the constitutions have not fully captured the spirit and intent of the Charter as these constitutions relate to the internal dynamics of parties and their election and inter-election activities.

Recommendation 1.5.1

We recommend that registered political parties, as the primary political organizations formed on the basis of a shared set of ideas and principles for the purposes of:

nominating candidates for election to Parliament; mobilizing electoral support for their candidates; engaging their members in discussion of democratic governance; providing forums for the development of alternative policies and programs; preparing their elected members for their parliamentary responsibilities; and organizing the processes of representative and responsible government,

have constitutions that promote democratic values and practices in their internal affairs and that are consistent with the spirit and intent of the *Canadian Charter of Rights and Freedoms*.

The treatment of political parties in electoral law should recognize their organizational diversity. At the same time, the full range of operational and financial activities of all parties should be reflected in the legal provisions for registration and in democratic constitutions. These requirements should extend not only to the national party and local constituency associations, but also to provincial associations of federal registered parties that represent the interests of the party in specific provinces by organizing election and inter-election activities. This would ensure that, notwithstanding the differences among the parties, all parties were subject to the same general procedural and administrative requirements.

A democratic constitution must adhere to minimum standards. The complaints we have heard include: inconsistency in rules and in applying them; the inability of national parties to rectify abuses when they do occur; variations in, or the absence of, appeal procedures and means to adjudicate

disputes; and the practice of according disproportionate weight to certain categories of members in the selection of leadership convention delegates.

Recommendation 1.5.2

We recommend that

- (a) the democratic constitution of a party and of its registered constituency associations be submitted as part of the registration application to the Canada Elections Commission, and contain the following:**
 - (1) provisions that those members who nominate a candidate for election to the House of Commons, select delegates to a leadership convention, or elect the party leader, be voters;**
 - (2) clear and consistent rules applying to all aspects of the selection process for candidates, leaders, delegates and party officers, as well as membership requirements;**
 - (3) rules and procedures for meetings and proceedings;**
 - (4) a rule that a person may vote only once at a meeting and may vote only at one meeting to select a constituency candidate, delegates for a leadership convention, or a leader or to conduct the affairs of a constituency association;**
 - (5) provisions for remedies and processes to fairly resolve disputes between party members and the constituent parts of the party; and**
 - (6) specific sanctions that would be applied in cases of violation of its constitutions and rules; and**
- (b) nothing in the above requirements be construed to imply that a registered political party cannot have provincial associations that may exercise all or part of the responsibilities of the national party; and in such cases, the powers of the provincial associations be delineated in the constitution and by-laws of the party, and the constitution and the by-laws of the provincial associations be consistent with the requirements of the *Canada Elections Act* and filed with the Canada Elections Commission.**

Registration of Political Parties

At present, a political party seeking registration under the *Canada Elections Act* must nominate candidates in 50 constituencies during a federal election. An application to be registered must be received by the CEO 60 days before the writs for a general election are issued. If the application is not received 60 days before the election is called, the party can be registered only for the subsequent federal election. Once the writs have been issued, any

party that has met the application deadline and has nominated candidates in 50 constituencies can be registered. Registered parties that do not nominate candidates in at least 50 constituencies 30 days before election day and that did not have at least 12 MPs in the House of Commons when the writs were issued, may be de-registered at the discretion of the chief electoral officer. In 1988, for example, the Social Credit Party continued to be registered by the CEO, although it did not nominate 50 candidates. The registration of the party was permitted by the CEO, in part, to recognize its historical participation in the Canadian electoral process.

In the 1988 federal election, there were 12 registered political parties. Table 5.7 lists these parties, as well as the number of candidates nominated by each.

Table 5.7
Number of registered political parties and number of candidates nominated, 1988 federal election

Registered political party	Number of candidates
Progressive Conservative	295
Liberal	295 ^a
NDP	295
Social Credit	9
Communist Party of Canada	52
Libertarian	88
Parti Rhinocéros	74
Green Party	68
Confederation of Regions	52 ^b
Party for Commonwealth of Canada	61 ^c
Reform Party	72
Christian Heritage Party of Canada	63

Source: Canada, Chief Electoral Officer 1989, 59.

^aThe Liberal Party of Canada nominated 295 candidates, but one candidate withdrew before polling day.

^bOne candidate withdrew before polling day.

^cTwo candidates withdrew before polling day.

The current registration process is essentially tied to the electoral cycle. The process does not allow the registration of emerging parties that acquire substantial public support between elections. This denies them access to the tax credit and to other public benefits available to registered parties.

Allowing new parties to register between elections would promote fairness and accessibility. Inter-election registration would demonstrate that the electoral process and the political process are open to new parties that are committed to promoting the interests and ideas of citizens in ways

different from the existing parties. The proposal is feasible, because new political parties can register between elections in several provinces. However, the criteria for inter-election registration would have to be sufficiently rigorous to ensure that the process was not misused by groups not fully committed to participating in the electoral process as political parties. The substantial benefits attached to registration must not be allowed to be diverted for other purposes.

The Canada Elections Commission would maintain a registry for qualified political parties. When applying for registration, in addition to meeting the requirements set out above, a party would need to provide (as with the current regulations) the full name and abbreviation of the party; name and address of the party leader (or the person designated by the governing body), party officers, chief agent and auditor; the address of party headquarters; and the names and addresses of financial institutions where the party's accounts are located.

The Canada Elections Commission would not register a political party if all requirements were not met, or, if in the opinion of the Commission, the name or the abbreviation of the name closely resembled the name or abbreviation of the name of a registered party, another political party for which an application had already been made, contained the word 'independent' or would create confusion with a formerly registered party or with a party that was represented in the House of Commons.

We propose that inter-election registration be achieved through the use of a petition procedure. A party wanting to register would have to document that it had the support of a sufficient number of voters who are members in good standing of the party. This would require a petition to test the new party's ability to mobilize public support through the establishment of a broad membership base during the inter-election period. A party that could document support from at least 5000 members who are voters would meet such a test.

There is currently an inconsistency between the registration process in the *Canada Elections Act* and the treatment of parliamentary parties in the *Parliament of Canada Act* and in the internal operations of the House of Commons. Parliamentary parties with 12 or more MPs receive public funding for research and additional stipends for party leaders. These parties are recognized as having important contributions to make to public debate and discourse. This recognition should be reflected in the registration process found in the *Canada Elections Act*.

A political party that nominates candidates in 50 constituencies would demonstrate serious intent to engage in the rigours of electoral competition at a level that indicates relatively broad appeal for its program and ideas. Moreover, experience since 1974 shows that this level is neither unduly onerous nor too lenient for registration. We believe that this threshold should continue to serve as a benchmark in determining which parties may be registered under the *Canada Elections Act*.

Recommendation 1.5.3

We recommend that

- (a) all registered parties, as a condition of registration provide:
 - (1) the full name of the party;
 - (2) the party name or the abbreviated identification and logo, if any, of the party to be shown in any election documents, and that these be distinct from any other party currently or formerly registered or that was represented in the House of Commons;
 - (3) the address of the office where party records are maintained and to which communications may be addressed;
 - (4) the names and addresses of financial institutions where the party's accounts are kept;
 - (5) the name and address of the party leader or designated head, who must be a voter;
 - (6) the names and addresses of the officers of the party, who must be voters;
 - (7) the name and address of the person who has been appointed auditor of the party;
 - (8) the name and address of the chief agent of the party;
 - (9) a statement in writing signed by the persons who are identified as the chief agent and auditor of the party stating that each has accepted the appointment; and
 - (10) a recent audited financial statement;
- (b) a political party be allowed to register at any time before the issue of the writs by:
 - (1) satisfying the administrative requirements for registration;
 - (2) submitting its constitution and by-laws, which must be in accordance with the requirements of the *Canada Elections Act* and duly adopted by a general meeting of members;
 - (3) undertaking to nominate candidates in at least 50 constituencies for the subsequent federal election; and
 - (4) submitting the declared support of 5000 voters who are members in good standing of the party;
- (c) a political party that has nominated candidates in at least 50 constituencies in the most recent federal election or that is recognized as a parliamentary party under the *Parliament of Canada Act*, qualify automatically as a registered party by:
 - (1) filing for registration;
 - (2) satisfying the above administrative requirements for registration; and

- (3) submitting its constitution and by-laws which must be in accordance with the requirements of the *Canada Elections Act* and duly adopted by a general meeting of members; and
- (d) the Canada Elections Commission not accept the application for registration nor register a political party during the period from the close of nominations to election day.

Under the current legislation, political parties can be deleted from the registry maintained by the chief electoral officer. The Act gives the chief electoral officer little discretion other than complete deregistration when enforcing or interpreting the Act for minor infractions of the Act or of electoral regulations. In some instances, deregistration may be a response that is either too sweeping or too impractical. Therefore, it would be appropriate for the Canada Elections Commission to have intermediate sanctions available that fall short of deletion as well as the authority to de-register political parties when warranted.

Recommendation 1.5.4

We recommend that

- (a) the Canada Elections Commission have the power to suspend the registration of a political party for any period;
- (b) a registered party be subject to suspension when it is determined that it has violated conditions of its registration;
- (c) a registered party be subject to deregistration if the Commission deems the party has violated terms of its constitution or failed to comply with the requirements of the Act;
- (d) a registered party be automatically suspended if it nominates candidates in fewer than 50 constituencies; and
- (e) a registered party, including a parliamentary party recognized under the *Parliament of Canada Act*, be allowed to have its party name placed on the ballot if the party fails to nominate candidates in at least 50 constituencies, but nominates candidates in at least 15 constituencies.

As under the present legislation, deregistration could take place at the written request of the leader and official agent of the party. In all cases of deregistration, monies remaining in the party's accounts after payment of all outstanding liabilities would revert to the public treasury. In Volume 2, Chapter 6 we outline in detail the deregistration procedures that should apply to political parties.

Registration of Constituency Associations

The registration of constituency associations was among the issues addressed by the Accounting Profession Working Group on Election/Party Finance

Reporting at the Local Level (the mandate and composition of the Working Group are described in Volume 2, Chapter 6). We agree with the Working Group's recommendation that, once the relevant legislation comes into effect, every constituency association of a registered political party be obliged to register. Without such a requirement, major gaps would remain in public accountability for financial activities, including accountability for funds that may have benefited from public subsidy, notably surpluses from candidates. Of course, the opportunity to issue tax receipts for contributions would provide an incentive for associations to register. This is not sufficient, however. Mandatory registration is necessary to ensure complete disclosure and to eliminate doubts that this has been done.

Once registered, constituency associations should be allowed to issue income tax receipts. Constituency associations of unregistered parties, however, should not be allowed to register. Registration requirements are intended in part to ensure that parties meet certain standards before they benefit from public funding and the right to issue income tax receipts. To allow constituency associations of unregistered parties access to that benefit would be inconsistent with both the principles underlying registration and the responsibilities entrusted to the registered parties; moreover, it would enable such associations to act as a conduit for funds destined for an unregistered national party. However, an exception should be provided for the constituency association of an independent Member of Parliament. This is discussed in Chapter 6 of this volume.

Recommendation 1.5.5

We recommend that

- (a) all constituency associations of registered parties be required to register with the Canada Elections Commission;**
- (b) the Commission register only constituency associations of registered parties;**
- (c) constituency associations be allowed to issue income tax receipts as long as their registration remains valid and they are in compliance with the requirements of the Act; and**
- (d) the Canada Elections Commission register only one association of a registered party in each constituency.**

Application for Registration

Like political parties, constituency associations wanting to register should file an application with sufficient information to allow an accurate registry to be maintained and to ensure ongoing enforcement of the reporting requirements. The Accounting Profession Working Group recommended a list of items to be included in a constituency association's application for registration. (Canada, Royal Commission 1991a) The four provinces that

provide for the mandatory registration of constituency associations also have requirements for applications. A summary of these requirements is found in the appendix to this chapter.

Recommendation 1.5.6

We recommend that

- (a) the application for registration of a constituency association include the following information:**
 - (1) the name of the constituency association and the written endorsement of the registered party;**
 - (2) the constitution of the constituency association, which must be in accordance with the requirements of the Act and have been adopted by a general meeting of members;**
 - (3) the name and address of the president of the constituency association;**
 - (4) the name and address of the constituency agent and the auditor of the association;**
 - (5) the address where the association's accounting records are kept;**
 - (6) the name and address of financial institutions where the association's accounts are kept;**
 - (7) a written statement from the constituency agent and auditor stating that each agrees to act; and**
 - (8) a statement of the assets, liabilities and any surplus of the constituency association;**
- (b) if an application is satisfactory, the information be entered in a registry of constituency associations maintained by the Canada Elections Commission, and both the association and endorsing party be informed that it has been registered; and**
- (c) constituency associations be obliged to notify the Canada Elections Commission promptly of any changes to their registration information.**

The endorsement of the registered party would be essential for the registration of constituency associations, because there might be cases when two or more groups of party members in a constituency organize associations and apply for registration. In such circumstances, it should be up to the registered party, not the Canada Elections Commission, to determine which association should be registered in that constituency.

Requiring the association to submit its constitution would provide evidence that the association is a validly formed organization. Items 3, 4, 5 and 6 in recommendation 1.5.6 are straightforward and similar to the requirements under the Ontario and Alberta legislation. This information

is important for officials of the Canada Elections Commission to answer any questions about the regular reports that the constituency association would be required to file. Like a candidate's official agent, the constituency agent would be the linchpin of the association's financial activities, and with the auditor, would ensure accountability. Under the *Canada Elections Act*, official agents and auditors are required to provide a written statement indicating they have agreed to act; the same requirement (item 7) should apply to the agents and auditors of constituency associations. Finally, as part of its registration application, the association should report its assets, liabilities and any surplus as of the date the application is prepared. These represent the financial resources of the association, some of which may be made available to a candidate during elections, and thus must be accounted for appropriately. The legislation in Ontario and Alberta has similar requirements.

The Canada Elections Commission should have 60 days to review applications for completeness. If there were problems with an application, an official of the Commission would notify the association and the registered party. Notifying the latter is consistent with the party's role in recommending registration and deregistration. If the association could not remedy the problem, it should not be registered. Once the application is judged complete, the association's registration would take effect.

Deregistration of Constituency Associations

The law must provide for the deregistration of constituency associations in certain circumstances. First, associations should not remain registered if the party itself has been de-registered. If they did, they could continue to issue tax receipts, which would be inconsistent and unacceptable. Second, the national party should be allowed to request the deregistration of any of its associations. This could be important, for example, if the executive of an association lost the confidence of local party members and the national party supported the formation of a new association. Because the law would allow only one association of each party to register in a given constituency, parties would need a way of having the former association de-registered, otherwise it would not be possible to register a new one. Third, constituency boundary readjustments could eliminate or combine constituency party organizations, which would require the registry to be adjusted accordingly. Fourth, to ensure registered constituency associations fully respect the constitution they submit as a condition of registration, the sanction of deregistration should be available to the Commission to respond to serious breaches of its terms.

Finally, we propose that deregistration be used if the association violates the Act. For example, if the association's agent fails to submit any of the financial returns required by law, the Commission could suspend its registration for not less than 30 days up to an indefinite period. If the error is not corrected, the association would be de-registered.

As we discuss in Volume 2, Chapter 6, if a constituency association were de-registered at the request of the endorsing party, any association funds would be held in trust by the party until a new constituency association is registered. Similarly, if an association is de-registered as a result of a political party losing its registered status, any funds of the association not required to pay any outstanding liabilities would be paid to the Canada Elections Commission and held in trust.

Recommendation 1.5.7

We recommend that a constituency association be de-registered when:

- (1) the national party is de-registered;**
- (2) the registered party asks for an association to be de-registered;**
- (3) the boundaries of the constituency are adjusted so that the association disappears or is merged with one or more other constituency associations; or**
- (4) the constituency association violates the terms of its constitution or fails to comply with the requirements of the *Canada Elections Act*.**

Political Parties and Ballot Identification

In recent federal elections, a small number of parties have been unable to meet the registration requirement of nominating candidates in 50 constituencies. These parties have nominated candidates for federal elections in the past, but their inability to nominate at least 50 has denied them the opportunity to have the party name on the ballot beside their candidates' name. Some of these parties have been committed to electoral competition over several elections. In the 1988 election, about half the 154 candidates without their party affiliation specified on the ballot were actually candidates for unregistered parties. These candidates were not permitted to have their party name placed on the ballot. Candidates may be identified on the ballot as independent, but if they are candidates of an unregistered political party, no identification is provided and they are considered 'non-affiliated'.

The absence of unregistered parties' names from the ballot has two consequences. First, these parties lose the opportunity to present clear choices to voters, because the public is unaware that the parties have nominated candidates to act as standard bearers for their ideas and policies. Second, voters are deprived of the opportunity to make a full assessment of the choices they are offered. If the smaller parties had their names on the ballot, voters would be better informed about candidates' ideas and policies, as expressed through their parties. The electoral law can be amended to allow the smaller parties to have their names on the ballot, while retaining procedures to ensure that parties applying for this privilege have some

measure of public support and are committed to electoral competition. These parties would not be able to issue tax receipts for financial contributions, nor would they qualify for reimbursement of election expenses; however, during the election period, their candidates would. In sum, the electoral law should be amended to recognize the legitimacy of these smaller parties in the electoral process.

Recommendation 1.5.8

We recommend that a political party be entitled to be identified on a ballot beside the name of its candidates in a general election and any election that follows until the next general election if:

- (1) it satisfies the administrative requirements identified in recommendation 1.5.3;**
- (2) the leader of the party is a voter;**
- (3) the name of the political party is distinct from any other party currently or formerly registered or represented in the House of Commons; and**
- (4) it endorses candidates in at least 15 constituencies in the general election by the close of nominations.**

THE SELECTION OF CANDIDATES AND LEADERS BY POLITICAL PARTIES

Our system of government requires that the prime minister and the cabinet have the support of a majority of members in the House of Commons. In practice, this means that party government is the operative dynamic. Under party government, members of the House of Commons organize themselves as members of parliamentary parties that support or oppose the prime minister and cabinet. This has had a profound influence on the procedures adopted by parties to nominate candidates and select leaders.

Candidate Selection

Elections to the House of Commons are essentially contests among the candidates of competing political parties. This is recognized in our electoral law, which allows candidates of registered political parties to be identified on the ballot. This recognition is reinforced by the requirement that all such candidates be confirmed officially by the party leader.

The selection of candidates by political parties is one of the most fundamental functions that parties perform. It distinguishes them from all other types of organizations that bring individuals together to promote common political ideas, interests and values. As R.K. Carty and Lynda Erickson put it, "It is through this process of labelling candidates that parties ... make their principal contribution to the conduct of electoral democracy and responsible government as it is practised in Canada." (1991 RC)

As a result of the parties' constitutional arrangements, the candidate selection process is primarily a function of the local constituency associations. Each constituency association decides not only who will be its candidate, but also when and by what procedures candidates will be selected. In performing this function, local associations are primarily responsible for the degree to which citizens can exercise their constitutional right to be a candidate. Although candidates of smaller or new political parties – and even independent candidates – are occasionally elected to the House of Commons, the vast majority of elections are contests between the candidates of the largest parties. Securing nomination by one of these parties is thus the normal access to electoral politics and membership in the House of Commons.

During our public hearings, we heard from a large number of interveners who were critical of the candidate selection process in the large national political parties. They argued that the democratic qualities of the process have been undermined by recent practices. Individuals and groups from many backgrounds and experiences claimed that selection processes have become too exclusionary, too expensive and too open to abuse by local party elites or narrowly defined interest groups. For these interveners, the practices used by local party organizations to select candidates do not advance, and may even violate, the principle of fairness that is crucial to the integrity of the electoral process. Many concluded that these objectives could be realized only by extending federal electoral law to include the candidate selection processes.

Historical Development

The development of national political parties in the decades immediately following Confederation stands as one of the most significant accomplishments of Canada's first political leaders.

The success of Sir John A. Macdonald and Sir Wilfrid Laurier was due to their recognition of the need to build their parties both inside and outside Parliament. This was no mean feat; as David Smith has noted, "the centre of gravity of the post-Confederation parties was located in the constituencies". (1985, 10) The single-member constituency basis of the electoral system, which predated the emergence of national political parties, combined with what Smith describes as the "intense localism" that characterized political life, required these leaders to build from the ground up.

During the first half-century after Confederation, party adherents met to select their party's candidates whenever this was necessary, but formal party membership did not exist. The formulation of party policy and the selection of the party leader were the prerogatives of the parliamentary party, that is, the caucus of Members of Parliament in each party.

The informal character of the extra-parliamentary party led to candidate selection being remarkably open to local party supporters. In contrast to the practices of their British counterparts, the two national parties did not recruit candidates on a national basis, or exercise national party control over the

local nomination of candidates. (Carty and Erickson 1991 RC) As a consequence, these two parties also differed from the British parties in that candidates were selected almost exclusively from among local party adherents.

These features of candidate selection were gradually altered in the second decade of this century. Several factors promoted this development. First, the two largest national parties increasingly sought to have candidates in all constituencies. This meant that efforts had to be made in areas where the party was electorally weak, or where the local party was unable or even unwilling to field a candidate. These efforts obviously required a greater role by the national party in recruiting, if not formally selecting candidates. These efforts were further stimulated by the advent of radio broadcasting as an election campaign instrument, especially as regulated access to this new medium included incentives for parties to nominate as many candidates as possible.

Second, the Liberal Party developed the practice of regional ministers assuming an increasingly interventionist role in recruiting and selecting candidates in the local areas within their informal, but nevertheless real, spheres of influence. (Whitaker 1977; Meisel 1962) Third, the emergence of a third national party, the Co-operative Commonwealth Federation, brought with it centralized control in the candidate selection process, exercised by the provincial councils of this national party over local party associations. This was deemed necessary to prevent "infiltration [by] Communists". (Carty and Erickson 1991 RC)

Developments in the national parties themselves were even more significant. In the 1960s, the increasingly active role of national party associations in leadership selection and review, as well as in party policy discussions, resulted in increased competition for appointment as delegates to national party conventions within local party associations. These changes coincided with a greater recognition of political parties in the electoral law. For instance, reforms to federal electoral law in the 1970s allowed registered national political parties to be identified on the ballot next to the names of candidates. This required the national leader of a registered party to endorse the nomination of a local association as the party's official candidate. In addition, reforms to election finance law concerning reimbursement of election expenses further increased the advantages of running complete slates of candidates across the country.

As a consequence, the candidate selection process of the national parties has become more formalized and thus more restricted. As late as 1962, Howard Scarrow could still report that open nomination conventions, in which all interested voters could participate, were still common. However, the practice of open conventions to select candidates was gradually abandoned with the adoption of formal membership requirements. (Sarrow 1964) By the 1988 election, almost all local constituency associations of the Progressive Conservative, Liberal and New Democratic parties stipulated that only individuals who held valid party memberships, as defined and

prescribed by the local association, could participate in selecting the local party candidate. (Carty and Erickson 1991 RC)

This evolution of candidate selection was characterized by increasingly formalized and structured processes at the local level. In part, this was the result of similar developments in national party associations. There is competition within local constituency associations over candidate selection and the selection of delegates to national leadership and policy conventions. This has meant a tightening of the rules of membership and the procedures governing decision making by the membership to ensure that factions or advocacy groups do not control the process, and that a certain degree of fairness prevails.

Local constituency associations in the large national parties have not generally become centres of great activity, however, let alone of intense intra-party competition. In many cases, the local association still finds itself in the position of having to search for a prospective candidate for nomination. And in many local associations, the executive can still exert considerable influence, if not dominance, over the candidate recruitment and selection process without much reaction from the party membership. Finally, incumbent MPs are infrequently challenged for their party's nomination. Thus the local autonomy that has characterized candidate selection has in some large measure been the result of the low degree of competition for party nominations.

International Comparisons

Candidate selection is the key stage in the political recruitment process. The rules and procedures used by political parties to select candidates indicate the priority they attach to democratic and representational values. The degree to which national parties are able to apply national objectives and standards also indicates the commitment of parties to recruiting and selecting candidates who represent different segments of society. Canada's experience contrasts sharply with that of most comparable political systems where national parties have a much stronger role.

In many countries, the selection of party candidates is either regulated extensively by law, as in the United States and Germany, or more centrally controlled by the parties, as in Great Britain. The United States and Germany, for different reasons, have intervened to ensure that the procedures for selecting candidates adhere to democratic principles. In the United States, this regulatory approach was imposed on political parties by judicial decisions that incorporated candidate selection into the electoral process. In Germany, the *Basic Law* adopted after the Second World War requires political parties to be democratic in their processes and procedures, and the electoral law spells out what this means for parties when they select candidates.

The imposition of democratic procedures on U.S. political parties resulted, in the first decades of the present century, from reactions to widespread political corruption, and more particularly, to the manipulation of the candidate selection process by both Republican and Democratic party bosses.

Public demands for reform resulted in state legislatures enacting detailed regulations for candidate nomination. Public regulation was seen as the only defensible response to the failure of the political parties to ensure that nominations were managed democratically.

As a result of a series of court decisions known as the *White Primary Cases* made between 1927 and 1953, parties in the United States were prevented from restricting access to the primaries. Following the *White Primary Cases*, most commentators and lower courts have concluded that any party limitation on participation involving the candidate selection process can be subject to constitutional restraints. In *Storer* (1974, 735) the U.S. Supreme Court termed primary elections "not merely an exercise or warm-up for the general election but an integral part of the electoral process". Various court rulings, on the other hand, have prevented state legislatures from regulating the internal processes of party conventions in the absence of a compelling state interest. (Feigenbaum and Palmer 1988, 15–16)

Candidates in 44 U.S. states are now selected through open or closed primaries. (Feigenbaum and Palmer 1988, 15) In open primaries, registered voters can select candidates for the Republican or Democratic party without formally declaring their party preference. In closed primaries, voters must state whether they will vote for Democratic or Republican candidates. Thirty-eight states use closed primaries, six use open primaries, and the remaining six use party conventions or caucuses. All states using primaries also have laws regulating their timing and administration. In every case, only registered voters may participate. As a consequence, national and state party organizations have a nominal role in candidate selection. Those seeking nomination, therefore, must establish their own campaign organizations to mobilize support and raise money.

In Germany, candidates can be elected to the federal Bundestag in one of two ways. Of the 496 seats in the Bundestag, half (248) are filled from single-member constituencies, using a plurality voting system, just as in Canada. The other half are filled from candidates on party lists, using a system of proportional representation.

Germany's *Party Law* requires parties to nominate candidates by secret ballot, specific details of which are found in the *Electoral Law*. Constituency candidates must be nominated by a meeting of the general membership of the local constituency association or by delegates elected by the membership.

Although the individual parties can implement specific nomination rules and procedures, they are required to submit a complete account of the nomination convention to the constituency returning officer. The returning officer must review the nomination process to ensure that administrative and procedural rules have been respected. Parties have access to an extensive appeal process if they believe a returning officer has made an unwarranted ruling. (Roberts 1988)

In most other countries, the state does not impose a regulatory framework on candidate selection. However, with only a few exceptions, national or central party organizations have a major role in the selection process. The exceptions include Belgium and, to a lesser extent, Australia where the candidate selection process is managed at the state level as is the case in Great Britain, where the recruitment process is administered by the national parties. Although nominations are the prerogative of local constituency associations, candidates must be endorsed by the national parties, which maintain lists of eligible candidates who may apply to local constituency associations if they want to seek election. All applicants are first screened by the national parties. Those who pass the initial stage are subject to extensive scrutiny by local party representatives. A local selection committee decides which contestant will be nominated in a specific constituency. As in Canada, there is a strong tradition of local autonomy in the selection process, to the point where local party activists tend to be suspicious of their national organizations and jealously guard their right of selection. (Denver 1988: 58) Membership on the local selection committees varies from 20 to 25 members and includes the executive of the local constituency association. In the case of the Labour Party, it also includes representatives from the constituent parts of the party (for example, women, youth and trade union organizations). Candidates seeking nomination must submit a formal application to the selection committee. The number of applicants depends on whether the constituency is considered a safe party seat, a marginal seat or a hopeless seat. When a nomination in a Conservative Party safe seat becomes available, the number of applicants may be 200 to 300; for marginal seats between 50 and 100 candidates usually apply; and even for hopeless seats, there are often 15 to 30 applicants. A similar number apply for Labour Party nominations. Once applications are received, the local selection committee screens the applicants until 20 or so remain. The 20 are interviewed by the committee, which selects a shortlist of three or four. Committee members hold a secret ballot, and the applicant who receives the most votes becomes the constituency association's candidate. National and regional party representatives frequently monitor the selection process to ensure that the party's rules and procedures are respected. An applicant can appeal the choice of the local selection committee if the rules are violated. Candidates selected by local committees must then be approved by the national party organization. Unlike Canada, where candidates are selected through party conventions, most political parties in western democracies such as Great Britain and Germany restrict the selection process to a small group of constituency members, either a delegate convention or a local constituency committee. (Gallagher 1988: 240) The national organization in most parties must also give formal approval to a nominated candidate. In Italy and Ireland, the national executive of a political party often adds the names of candidates to the lists

selected by local associations. (Gallagher 1988, 240-42) In New Zealand, the national party holds half the positions on local selection committees. Now appearing in the literature as a strategic voting technique, *Candidate Selection Process in the 1988 Federal General Election*, 2000. Decentralized candidate selection processes in Canada have resulted in a wide array of procedures and practices. Moreover, less is known about this aspect of party politics than about any other similarly significant dimension of national politics. The tradition of local autonomy has also meant that, in the absence of national objectives, the national parties have no central reporting requirements on local candidate recruitment and selection procedures or practices. On the basis of a survey of the official agents of candidates in the 1988 general election for the three large national parties, we can identify a number of salient features of candidate selection. The representative sample included just under a third of all associations for the three parties (Carty and Erickson 1991: RC) (Carty and Erickson 1991: RC). The survey revealed that just over 80 per cent of the nomination contests for all three parties were completed before the writs were issued. Moreover, constituency associations with incumbent MPs seeking re-election were far more likely to hold early nomination conventions. Post-writ nominations were usually held in constituencies where the political parties were electorally weak. In approximately two-thirds of the constituency associations, the timing of nomination conventions was decided by the local party executive; in one-fifth of the associations the full membership selected the date; and in the remaining cases, party officials other than local executives had to convene a nomination convention because in these constituencies, the party was weak or badly organized. (Carty and Erickson 1991: RC) For the 1988 federal election, each of the three large national parties held 295 nomination meetings, for a total of 885. The level of competition varied considerably within each party, and from province to province. Any measurement of the competitiveness of nomination contests must be assessed against the presence of a large number of uncompetitive contests where the parties were either electorally weak or where incumbent MPs were not challenged for the nomination. Almost two-thirds of the nomination races surveyed were uncontested, including 90 per cent of incumbents. Two contestants sought the nomination in 20 per cent of the constituency associations; and three or more contestants competed in almost 15 per cent of constituencies. In constituency associations where there was no incumbent, almost 60 per cent of the party nominations were uncontested. (Carty and Erickson 1991: RC) Although the mobilization of party members is essential to a contestant seeking a nomination, the data indicate that, even in competitive nomination races where there were significant increases in paid membership, the turnout rate for new members attending candidate selection meetings averaged less than 50 per cent. "The simple truth is that, in most cases, the majority of party members do not bother to turn out to vote at nomination meetings, even when they are contested." (Carty and Erickson 1991: RC)

Local membership expanded most rapidly where an incumbent was challenged for the nomination. Even where membership increased for these races, the number of members who actually attended nomination conventions averaged less than a third of the total.

Membership requirements varied considerably among constituencies and parties. Just over half the associations of the three large national parties allowed non-residents of the constituency to vote at nomination conventions. This included a large proportion of Progressive Conservative associations, which in theory were precluded from doing so by the party's national constitution.

Few associations required lengthy membership periods. The majority allowed individuals to vote during the nomination convention if they had held a party membership for between one week and one month. Membership fees varied within and among parties. These minimal membership requirements made it easy for individuals to join the party in order to participate in the candidate selection process.

Half the local constituency associations had formal search committees, including 15 per cent of the associations where an incumbent was seeking re-election. Most associations, however, did not actively seek assistance from national party organizations in recruiting potential nomination contestants. (Carty and Erickson 1991 RC)

Less than 15 per cent of local constituency associations in the three large national parties had guidelines on nomination spending limits. Neither the development nor the enforcement of the spending guidelines were initiated by the central party organizations. Rather, various constituency associations used guidelines at their own discretion. Spending in the constituencies with guidelines, however, was not significantly lower than in constituencies without them.

The mobilization of new party members and the high cost of the small number of competitive nomination races received extensive media scrutiny and coverage in the 1988 federal election. As a result, the candidate selection process acquired a high public profile. Newspaper readers and television viewers were left with the impression that the candidate selection process as a whole was subject to widespread abuse and that large amounts of money were being spent by numerous contestants seeking party nomination.

Carty and Erickson suggest that media coverage of the candidate selection process in the 1988 federal election focused mostly on a small number of competitive nomination races where large amounts of money were spent and controversial practices were used by candidates to mobilize support. The narrow scope of this coverage contributed to public perceptions that the candidate selection process was marked mostly by high spending and abuse of party membership rules. Carty and Erickson (1991 RC) conducted a content analysis of the treatment of candidate selection by *The Globe and Mail*; it is reasonable to suggest that this newspaper's coverage was representative of the other media. The survey of *The Globe and Mail* coverage of the selection

process for the four months before the 1988 election was called suggests that its readers were not necessarily given a representative picture of the way in which candidates were nominated (see Table 5.8). Approximately 66 per cent of the stories carried by *The Globe and Mail* about the candidate selection process concerned contested nominations. This figure contrasts with data from the survey of official agents, which indicates that just over 34 per cent of nominations were contested by two or more candidates (Table 5.9). A third of *The Globe and Mail* stories reported on internal party conflicts concerning the accreditation and mobilization of new party members; however, the recruitment of new members led to internal party conflicts in only 9 per cent of nomination contests. Further, approximately 20 per cent of *The Globe and Mail*'s news articles concerned the use of internal party appeal mechanisms to challenge membership rules or nomination results. In reality, less than 6 per cent of the nomination contests involved internal party appeals.

Table 5.8
Media images of party nominations, 1988
(per cent)

<i>The Globe and Mail</i> stories reporting	
Contested nominations	66
Conflicts over mobilization	28
Appeals	19
Local-national conflict	10
Ethnic mobilization	5
Nomination expenses	4
Local issue	0
Total stories	93

Source: Carty and Erickson 1991 RC.

Note: All stories in *The Globe and Mail*, 1 June–30 October 1988, that reported nominations.

Table 5.9
Image v. reality, 1988
(per cent)

Nomination meetings	Press image ^a	Constituency reports ^b
Contested	66	35
Conflicts over recruitment	28	9
Appeals	19	6
Local-national conflict	10	4
Specific issue	0	21

Source: Carty and Erickson 1991 RC.

^aPress image refers to *The Globe and Mail* reports.

^bConstituency association survey done by the authors.

This limited but telling examination of *The Globe and Mail* coverage suggests a considerable gap between perceptions of how the candidate selection process functioned in 1988 and actual practices. For example, survey data indicate that only in a small number of highly competitive constituencies was a large amount of money spent by candidates seeking nominations. When supporters were mobilized to become members of a candidate's campaign organization, the average cost was nine times the cost for constituencies where new members were not recruited. An assessment of the candidate selection process must be based on a full understanding of the dynamics and factors shaping the nomination of party candidates, not on inaccurate perceptions of experience. *The Globe and Mail's* coverage misses an essential point: many of the problems associated with the nomination process – the low proportion of women recruited, for example – stem not from the high level of competition in a limited number of constituency associations, but from the large number of uncompetitive, relatively closed nomination contests conducted by local party insiders.

Canadian political parties stand at one end of the continuum between local responsibility and autonomy for candidate selection on the one hand, and party member participation in candidate selection, on the other. There is no public regulation of these processes, and with the exception of the NDP, there is little in the way of national or provincial party control or influence over the procedures used by local party associations. In comparative terms, Canadian parties are highly decentralized and open, with relatively little direction and control from the national level. While this decentralization stems from a longstanding tradition of localism in party affairs and is frequently praised in those terms, the present structure and its results have raised a number of concerns, particularly regarding the competitiveness and openness of the system.

Close to two-thirds of constituency nomination contests are uncompetitive – that is, the nomination is by acclamation. This contributes to what is perceived to be the closed nature of nominations, because it is often assumed that this outcome is the result of decisions by local executives. Opportunities exist to introduce changes to the candidate selection process that will make it more open, more amenable to grassroots participation and more consistent with democratic principles and processes.

Improving Candidate Selection Rules and Practices

In competitive nomination races, the processes and rules used by local party associations to nominate candidates provide frequent opportunities for abuse. In particular, the membership rules of many constituency associations have allowed campaign organizations for nomination contestants to enlist people for the sole purpose of voting on the day of the nomination convention. In theory, recruiting new members provides the opportunity to rejuvenate the local association by involving new people. It is normal for this process to accelerate around the time of candidate selection and

this should be encouraged. However, the practice of these campaign organizations paying the membership fees of 'new members' with no expectation whatsoever that they will remain members afterward raises legitimate questions.

Such enthusiastic mobilization techniques are not new. In a Liberal Party nomination contest in the 1962 federal election, an estimated three-quarters of the 1200 persons attending and voting in the convention to select the association's candidate had no previous party involvement. (Scarrow 1964, 57) In the 1968 election, membership in the Liberal constituency association for Davenport (in the Toronto area) increased "from 150 to 5,445 in a few weeks". As was later observed, "Here, as elsewhere, the outcome [of the nomination] may have been determined by non-residents and ten-year-olds who, under the rules, could not be debarred from voting." (Beck 1968, 401) However, as our hearings indicated, public tolerance for such practices and the rules that allow such behaviour has diminished significantly. Expectations as to proper behaviour are much higher today; parties cannot ignore these new ethical standards. To the degree that abuses related to membership are found in candidate selection contests, the integrity of political parties as primary political organizations are undermined, as is the electoral process itself.

Constituency associations have to adhere to democratic constitutions and procedures for selecting candidates, delegates to national party conventions and their own executive officers. Our recommendation will reinforce this practice now that open party conventions are the norm. At the same time, it will ensure that party members who wish to be nominees for candidacy have their rights protected by the constitutions of constituency associations, including provisions for complaints within the party locally, provincially and nationally, and, where necessary, to the Canada Elections Commission. The critical relationship between open party conventions and our objective of enhancing access to elected office requires that this approach be strengthened.

Recommendation 1.5.9

We recommend that the candidate nominated by a registered constituency association be selected by an open convention of members held for this express purpose.

The second matter that needs to be considered in regard to these conventions concerns the right of party members at the local association level to participate in the selection and therefore the nomination of candidates. At present, rules governing who may participate in this crucial function vary within and among the large national parties. Practices also may vary from the formal constitutions of the national party or local associations. At the same time, under the *Canada Elections Act*, a candidate must be

nominated by at least 25 persons who are "qualified as electors in an electoral district in which an election is to be held". (s. 80). This occurs after the local association has made its choice at a convention.

The import of this section of the Act lies in its recognition that candidates, who must be voters, should be nominated by their peers, that is, by other voters. In other words, those who wish to nominate a candidate in a constituency must be qualified as voters in the constituency wherein the candidate is nominated. This is consistent with the principles embodied in the electoral process, given its basis in territorially defined electoral constituencies. It restricts the capacity to nominate a candidate to those who will be affected by the local election. It also is fair to those who wish to be candidates, because it means that only voters of a nomination contestant's constituency would be involved in nomination.

This traditional approach to nomination, as found in the *Canada Elections Act* and the political principles underlying it, has not informed the practices of the local associations of our larger parties. It is not surprising that many have questioned the integrity and fairness of these practices. Integrity is questioned whenever the responsibilities of party associations are not taken seriously. Fairness is undermined whenever it is possible to manipulate rules to serve the interests of some at the expense of others.

At the local and national level, parties have every right to be as inclusive as they wish in their general membership. Thus they can allow non-citizens; those under the voting age and; at the constituency level, people who do not reside in the constituency to be members and to participate in the affairs of the association. Local associations also have every right to promote competition for party candidacy to ensure that the eventual candidate has the broadest possible base of support within the party. At the same time, certain basic norms of democratic citizenship, as exercised through political parties, must be protected and enhanced. The right to select candidates for federal elections should therefore be reserved for those members of an association who are voters, as we recommend in recommendation 1.5.2.

In chapters 6 and 7 of this volume, we recommend changes to the candidate selection process and to election finance laws affecting candidates for the House of Commons. These changes are designed to affirm the principle of fairness in electoral competition and to promote the integrity of the electoral process. Among the most salient recommendations are: full disclosure requirements, spending limits for the candidate selection process and more timely and comprehensive reporting on the size, source and use of political contributions for candidates seeking election to the House of Commons. The recommendations are guided by the central assumption that election finance laws are a critical determinant in the degree to which the candidate selection process is both accessible and founded on democratic principles and processes.

Endorsement of Candidates by Political Parties Section 81(1)(h) of the *Canada Elections Act* requires candidates wanting to use the name and logo of a specific party on election documents to have the official endorsement of that registered party through a statement signed by either the party leader or by a designate. The primary purpose of this requirement is to ensure that party names and logos are not abused by candidates not associated with the registered political party they may claim to represent. This measure contributes to the integrity of the electoral process by ensuring that party names and logos are used to affirm the distinct ideas and values of individual parties, and that the names and logos are not used to mislead voters in their electoral choices. Consequently, this requirement should remain; however, the endorsement of the candidates by the registered party need not be restricted to the party leader or the leader's designate. The party may choose to assign this function to a person designated by its governing body. In fact, these concerns extend beyond registered political parties. We recommend that political parties that are not registered but that nominate candidates in at least 15 constituencies have their names placed on the election ballot. As noted, a number of candidates representing small political parties in recent elections were not identified as such, since their parties were not officially registered because they did not nominate candidates in at least 50 constituencies. By having the name of these parties on the election ballot, voters would be able to assess more precisely the partisan affiliation of candidates. In short, the name of the party should be used at the exclusive discretion of the party. Consequently, the requirement that candidates representing political parties be endorsed by that party should also be extended to parties qualifying for ballot identification only.

Recommendation 1.5.10

We recommend that candidates of a registered political party or of a party that has qualified for ballot identification who want to use the party name, logo or abbreviated identification on election documents have the written endorsement of either the party leader, his or her designate or a person designated by the governing body of the party.

Reducing Representational Deficits

As discussed in Chapter 3 of this volume, important segments of our society are underrepresented in the House of Commons. A measure of underrepresentation, as defined by the percentage of MRs from different groups relative to their demographic weight, is presented in Table 5.10. According to this measure, women have an electoral representation ratio of 26 per cent: they constitute a majority of the population but only 13.2 per cent of the sitting MPs in 1988 were women.

Table 5.10: Representational deficit of certain groups of Canadians in the House of Commons (per cent)

Groups of Canadians	Percentage of total population ^a	1984	1988
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Women		25.9	25.9
Ethno-cultural groups		25.9	25.9
Visible minorities excluded		25.9	25.9
Aboriginal peoples		25.9	25.9

Source: Young 1991a RC; A. Pelletier 1991 RC; and Royal Commission Research Branch.

Note: Representational deficits are calculated as the ratio of the percentage of MPs from each of the groups identified above relative to their percentage of the Canadian population.

^aBased on the 1986 census.

^bIncludes single and multiple origins for Métis, Indian and Inuit.

These data underscore the fact that the representational deficit for women is the most extreme. The representation of women shows not only a significant deficit, but also that this deficit has persisted over the seven decades since they first received the franchise. Furthermore, their underrepresentation cuts across all other segments of society. Among ethno-cultural groups, only six of 121 (5 per cent) ethno-cultural MPs elected since 1965 were women. In 1988, only two of 48 women candidates from ethno-cultural groups were elected. As discussed previously, this serious underrepresentation of a significant portion of society has important implications. The legitimacy of our democratic institutions suffers as a consequence. As well, there is a legitimate public interest in having equitable representation so that public policy is sensitive to the concerns and interests of various segments of society. It is generally accepted, for instance, that women have different policy perspectives that are not sufficiently reflected in legislatures and parliaments.

The failure to achieve greater representativeness within the House of Commons, particularly for women, is an index of the pervasiveness of systemic discrimination within our society. Even though they may not be overtly or intentionally discriminatory, political parties, particularly at the local level, contribute to this inequity through their attitudes, behaviour and organizational practices. Not surprisingly, throughout our public hearings, symposiums, consultations and research, we have been urged to address the problem of underrepresentation through reforms relating to access to elected office. These demands have centred on two major aspects of the electoral process: the barriers that individuals face in seeking elected office, and the rules and practices of constituency associations.

Our recommendations respond to these demands for more equitable representation with measures described in detail in Chapter 3 and in this chapter. In particular, we target the nomination stage, which interveners and

research identified as the most significant barrier to entry to the House of Commons. Inspired by the 1974 electoral reform, which established limits on election expenditures and clearly secured greater fairness in the electoral process, we recommend parallel measures for the candidate selection process (see Volume 1, Chapter 6). Specifically, for the nomination stage we recommend the adoption of spending limits as well as income tax credits to remove or ease the financial barriers that may be faced by persons seeking nomination. Given that women continue to remain, for the most part, the primary caretakers for children, we also recommend that child care expenses be deductible for those seeking candidacy during the nomination period, and for candidates during the writ period. Finally, we propose that the right to candidacy be protected by establishing in law the right of employees to obtain a leave of absence to seek nomination and be a candidate.

The above measures are aimed at individuals seeking nomination. In addition, constituency association rules and processes to enhance the inclusion of women in the electoral process must also be reformed. Given the central role of constituency associations in identifying and recruiting prospective candidates, we recommend that local constituency associations be required to commit themselves to recruitment processes that demonstrably promote the identification and nomination of candidates from a broad cross-section of Canadians. The evidence is compelling: rigorous and systematic search procedures generally lead to the identification of more qualified and more representative candidates. Further, these procedures do not compromise the openness or competitiveness of the selection process; on the contrary, they ensure a broader choice of potential candidates.

In addition, we recommend rules to govern the eligibility of those voting in nomination meetings, that is, residency, citizenship and age requirements. The absence of such rules or their inconsistent application has, in some instances, led to abuses that have tended to disproportionately affect candidates from underrepresented groups, and thus to dissuade potential candidates from these groups from seeking nomination.

We also recommend measures to increase the presence in the House of Commons of the two other underrepresented groups: visible minorities and Aboriginal peoples. These measures include the criteria and processes of developing constituency boundaries, which emphasize the recognition of communities of interest, and the guarantee of a process for the creation of Aboriginal constituencies, as outlined in Chapter 4 of this volume.

Our recommendations to enhance the representational profile of the House of Commons respond to the concerns and suggestions advanced in our public hearings, seminars and discussions with representatives of the above groups and practitioners. The consensus is that these reforms in themselves should operate to redress representational deficits, particularly those of women, by reducing the barriers that lead to systemic discrimination.

The effects of the 1974 reforms were immediate and conclusive. Limits on election expenditures and the ability to issue tax receipts for political contributions promoted greater fairness and encouraged more vigorous

competition. No candidate could win simply by overpowering his or her rivals financially. There are good reasons to expect our proposed changes to have a similar impact on the nomination process by the next election. Further, political parties have become increasingly active in increasing the representation of women. The large national parties offer training sessions as well as other types of assistance to potential candidates. Parties' continued efforts in this direction will accelerate the impact of our recommendations by increasing the presence of women in the House of Commons. Some additional measures that parties could adopt include: greater training for candidates in public speaking; greater information on policy issues, particularly for those from underrepresented groups; training in fund-raising techniques and computer-related technology; training in cross-cultural understanding for all elected members; and outreach programs for underrepresented groups, notably for women from visible minority communities.

Our philosophy in addressing the underrepresentation of women in the House of Commons has been guided by a desire to respond to the practical suggestions proposed both by women's groups at our public hearings and political practitioners at our symposium on the active participation of women in politics. Our proposals are not unduly intrusive in the affairs of political parties, and they strengthen open competition and equality in both the nomination and election processes. They are also expected to be effective in increasing the number of women MPs.

It is possible, nonetheless, that the potential effects of our proposed framework are overestimated. Systemic discrimination may be so engrained in the attitudes and practices of our political parties that it requires a more determined approach by the leadership of the parties. The political leadership of a party can shape party attitudes and organizational behaviour and thus influence the representational profile of its caucus in the House of Commons. Should the significant underrepresentation of women persist following the next election, it will be necessary to revisit the measures required to correct the historical inequities resulting from systemic discrimination.

International experience shows that the most powerful tools for increasing the representation of women involve mandatory measures, especially quotas. It is the prerogative of each political party to impose such a system internally, but the electoral law should avoid such an approach. However, approaches used in other organizations can be instructive in suggesting measures that would encourage the adoption of behaviour that promotes greater representational equity. They generally enhance rather than diminish the quality of candidates selected.

For example, universities now identify applicants on entrance exams by number only; similarly, symphony orchestras carry out blind auditions with the musicians concealed from the judges. These procedures, which ensure that the evaluation of candidates is solely based on the quality of the performance and not influenced by sex, have resulted almost immediately in the selection of a greater number of women. Hence, such procedures

have not only eliminated systemic discrimination, but also have improved the overall quality of the successful candidates.

At the federal level and in several provinces, government contracts are subject to employment equity provisions. For example, since 1986, the federal government has had a policy on employment equity for suppliers to Supply and Services Canada: with some exceptions, contracts of a certain size must be awarded to suppliers who meet prescribed employment equity requirements. (Canada, Supply and Services Canada 1990) Another example of policy that helps bring about change is in workers' compensation. Many provinces determine workers' compensation premiums similarly to the way in which the insurance industry calculates premiums. Employers having a history of accidents below the industry average benefit from lower premiums, whereas those who do not conform to certain minimum standards of health and safety for their employees are penalized. The evidence shows that even in highly decentralized situations, organizations are able to engineer a change in attitudes and a new awareness of safer conduct which result in a lower incidence of accidents. Such approaches have proved to be highly effective in achieving desired outcomes in a variety of organizations. There is no reason to assume that parties would not respond to similar incentives, if analogous measures were adopted.

Therefore, should the overall percentage of women in the House of Commons be below 20 per cent following the next federal election, we propose that an incentive be adopted whereby registered political parties would receive an additional reimbursement based on the proportion of female MPs in their House of Commons caucus. The Canadian Advisory Council on the Status of Women offered a similar proposal to encourage greater participation of women in the electoral process: to increase the reimbursement of election expenses of registered political parties fielding a certain percentage of women candidates. (Brief, June 1990)

This provision would be applied as follows: if at either of the next two elections the percentage of women in the House of Commons has not reached 20 per cent, any party with at least 20 per cent of its House of Commons caucus consisting of women MPs would be eligible for a higher rate of election reimbursement. This increased level of reimbursement would be equal to the percentage of that party's representation of women. For example, a party with 25 per cent women MPs would receive an election reimbursement equal to 125 per cent of the reimbursement to which it would otherwise have been entitled. The bonus would be capped for each party at 150 per cent. The measure would be dropped when the overall percentage of women in the House of Commons reached 40 per cent. It would be valid only for the two elections following the next general election. How the parties pursued the objective of increasing the representation of women in the House of Commons would be up to them; the law would not impose mandatory requirements on political parties. In other words, the focus of this approach would be on outcome, not on process. It recognizes that the parties face different issues,

and that their constitutions, organizations, structures, traditions and practices vary. Finally, given that the dynamics of such a system are difficult to predict precisely, we recommend that the Canada Elections Commission review this measure after the third election, if still in place, and the Commission recommend to Parliament whether it should be retained or adjusted.

Recommendation 1.5.11

We recommend that should the overall percentage of women in the House of Commons be below 20 per cent following either of the next two elections, then:

- (1) at the two elections following the next election, the reimbursement of each registered political party with at least 20 per cent female MPs be increased by an amount equivalent to the percentage of its women MPs up to a maximum of 150 per cent;**
- (2) this measure be automatically eliminated once the overall percentage of women in the House of Commons has attained 40 per cent; and**
- (3) following the third election, if this measure is still in place, the Canada Elections Commission review it and recommend to Parliament whether it should be retained or adjusted.**

Leadership Selection

Historical Background

The evolution of the leadership selection processes can be divided into three phases. The first phase was in the early post-Confederation period, when the selection of national party leaders was modelled on British practices. National leaders from Sir John A. Macdonald to Arthur Meighen in the Conservative Party, and from Alexander Mackenzie to Sir Wilfrid Laurier in the Liberal Party, were selected by the retiring party leader in consultation with senior party notables, caucus members and, most crucially, with the Governor General.

The formal selection of the prime minister, and consequently the leader of the governing party, was seen as the prerogative of the Governor General. In 1896, for example, the Governor General Lord Aberdeen resisted pressures from the Conservative Party to have Sir Charles Tupper replace Mackenzie Bowell as leader. Although Bowell had been discredited within his own party, the Governor General was "determined not to see Tupper as the first minister". (Courtney 1973, 37) The Conservative Party caucus persisted in its support for Tupper and Aberdeen agreed to appoint him prime minister. John Courtney suggests (1973, 39), "1896 was, for good reason, a key year in Canadian party politics, in so far as the governing party asserted with some success a claim to choose its own leader ... independent of vice-regal wishes".

The role of the parliamentary caucus in leadership selection increased significantly when the Liberal Party was in opposition. Following the party's defeat in the 1878 election, Liberal MPs pressured Alexander Mackenzie to resign. Mackenzie did so, and the caucus voted in Edward Blake as his successor. Laurier was selected Liberal leader in a similar fashion in 1887.

The second phase of the leadership selection process began with the election of Mackenzie King as Liberal leader at a national party convention in 1919. For the first time, the extra-parliamentary wing of a national party played a pivotal role in the selection of a leader. The move to a national leadership convention was partly a response by the party establishment to the deep divisions that had developed within the Liberal Party following the conscription crisis of the First World War. The party's parliamentary caucus was dominated by MPs from Quebec; Laurier felt it important that his successor should come from English Canada so that the Liberals would not be reduced to a regional party from Quebec in the next federal election. This objective could not be met if the parliamentary caucus selected an MP from Quebec as Laurier's successor. Laurier's experience with the Liberals' national policy convention of 1893 had "convinced him of its worth as a vehicle for uniting and strengthening the party". (Courtney 1973, 60) With support from key members of the parliamentary caucus, Laurier was able to convince the Liberal Party that a national leadership convention attended by delegates from across the country would be the best forum for selecting a new leader who would keep the party united.

In 1927, the Conservative Party held a national delegate convention to elect Robert Bennett as leader. Since then, except when Arthur Meighen took over the party leadership briefly in 1940, national conventions have been used to select national party leaders. The national convention was adopted to ensure the parties' extra-parliamentary wings had greater participation in important party activities, to make the internal party organization more democratic and to offset the regional weaknesses of party caucuses. (Perlin 1991 RC) These objectives remain valid today.

The adoption of national conventions also altered the relationship between the party leader and the parliamentary caucus. As a result of being elected by a large number of party delegates representing the various constituent parts of the party and regions of the country, the leader was elevated to a status shared by no other member of the party. Members of Parliament were elected from single-member constituencies, but only the national party leader could claim to have been selected by a national constituency. Mackenzie King made frequent use of this fact when dealing with recalcitrant ministers who were excessively protective of their regional interests. (Bakvis 1991)

The move to national leadership conventions as television events represented a third phase in the evolution of leadership politics. The 1967 Progressive Conservative convention, which saw the election of Robert Stanfield as leader, was the first to be nationally televised. As a result of changes in modern communication techniques, party leaders became the

medium through which party policies and ideas were conveyed to the electorate. Leaders became public persuaders and assumed greater responsibility for mobilizing support for their parties.

Stanfield's selection as leader was preceded by an intense struggle within the Progressive Conservative Party over whether the extra-parliamentary wing of the party could force a formal review of Diefenbaker's leadership. Senior party strategists saw a leadership review mechanism as the only means available to remove Diefenbaker. Following the 1967 convention, the party amended its constitution to include a formal leadership review. This mechanism was used by some party members to challenge Joe Clark's leadership in 1983. Although he won endorsement from 67 per cent of the delegates attending the 1983 national convention, Clark felt his support within the party was insufficient. He called a leadership convention, and was subsequently defeated by Brian Mulroney. The Liberal leadership review mechanism, first introduced in 1966, was used most recently by Liberal Party members who challenged John Turner's leadership following the party's defeat in the 1984 election.

The constitution of the Progressive Conservative Party now provides for a formal leadership review following the party's defeat at a federal general election. The Liberal Party's constitution provides for an optional leadership review after every election, regardless of whether the party is defeated. While a successful leadership review normally requires extraordinary organizational effort by those wanting to replace the party leader, the presence of the device serves to hold national party leaders formally accountable to their members.

The leadership selection process in the New Democratic Party is unique among the three largest parties. Unlike the other two large parties, the NDP does not have the equivalent of a formal leadership review mechanism. However, at each biennial convention, the national NDP leader is elected as an officer of the party. A leadership vote, then, "is a regular and mandatory part of the convention agenda" (Archer 1991a RC). No incumbent leader has been seriously challenged at a convention.

The Reform Party of Canada has also adopted a formal review mechanism in its national constitution. The party is required to hold a national assembly of its members every two years. At every assembly, delegates are asked whether they want a leadership vote to be called. If a majority of delegates support a leadership review, the executive council of the party is required to hold a leadership vote "not sooner than 3 months and not later than 6 months from the date of the vote held at the Assembly".

With the increased prominence of leadership conventions in Canadian politics, the third phase in the evolution of the leadership selection process has been accompanied by changes in the competitive nature of leadership campaigns: "The critical factor in this change has been the growth in the size of conventions and the broadening of the base of participation in delegate selection." (Perlin 1991 RC). More than 2000 party delegates attended the

1967 Progressive Conservative leadership convention and the same number of Liberal delegates attended the convention that elected Pierre Elliott Trudeau in 1968. The number of delegates increased to 3000 at both the 1983 Progressive Conservative and 1984 Liberal conventions. Approximately 2500 delegates attended the 1989 NDP leadership convention and there were 4600 delegates at the 1990 Liberal convention. In addition, the number of individuals participating in the selection of delegates for the 1990 Liberal convention has been estimated at between 75 000 and 100 000. (Perlin 1991 RC)

The role of national delegate conventions in selecting national party leaders in Canada contrasts sharply with British practices. British party leaders are selected by parliamentary caucuses. There are significant differences in the selection processes used by the Conservative and Labour parties, but in neither case is leadership selection seen as the responsibility or prerogative of the general party membership. In 1992, 11 presidential candidates are selected at national conventions, although the delegates do not cast ballots as individuals but as representatives of their states. Unlike the Canadian practice, presidential candidates are not elected through a secret ballot; nor is the candidate with the lowest vote count on each ballot required to withdraw. (Perlin 1991 RC)

Delegate Selection and Representativeness

The increase in the number of delegates attending national leadership conventions has not necessarily been accompanied by a balanced representation from the different socio-demographic groups. Considerable progress has been made, but gender parity in the composition of delegates attending national leadership conventions has not yet been achieved. At the 1983 Progressive Conservative convention, 37 per cent of the voting delegates were women; the comparable number for the 1989 NDP convention was 37 per cent; while 45 per cent of delegates attending the 1990 Liberal convention were women. Youth delegates have had disproportionate representation at recent leadership conventions. In 1983, 40 per cent of voting delegates at the Progressive Conservative convention were youth; of the Liberal delegates in 1984, 31 per cent were under 30s (Wearing 1988: 204). The large number of youth delegates reflects the relative ease with which Liberal and Progressive Conservative campus clubs at universities and other educational institutions are accredited by the national parties. (Perlin 1991 RC)

On the other hand, delegates from the New Democratic Youth organization attending the NDP convention in 1989 represented only 2 per cent of convention delegates, although the actual proportion of those under 30 was higher. The NDP's formula for sending constituency delegates to national leadership conventions also distinguishes the party from the Liberal and Progressive Conservative parties. The NDP permits 'one delegate for every 50 constituency members for the first 200 members, and one delegate for every 100 thereafter' (Archer 1991a RC). The delegate selection process in the NDP skews the regional representativeness of the leadership convention:

During the 1989 leadership convention, more than half the voting delegates were from the western provinces, and a further 27.5 per cent came from Ontario. Delegates from Quebec made up 9.2 per cent and the four Atlantic provinces combined accounted for only 5.4 per cent of all delegates. Delegates from trade unions formally affiliated with the NDP represented 18.4 per cent of the total number of delegates attending the leadership convention, while 4.6 per cent were from central labour organizations such as the Canadian Labour Congress.

Concomitant with the rapid growth in the number of delegates attending national leadership conventions, there has been a dramatic increase in the categories used by the Liberal and Progressive Conservative parties to classify delegates. There are as many as 18 separate categories. They can be grouped under three general headings: (1) ex-officio delegates, including members of the House of Commons, the Senate and provincial legislatures, elected officers of the national and provincial executives, and defeated candidates for the House of Commons; (2) delegates from the constituent parts of the national parties, such as women's and youth organizations; and (3) delegates-at-large elected from local constituency associations. The proliferation of delegate categories has raised the issue of multiple voting. (Perlin 1991 RC) An individual could conceivably cast several votes, depending on the number of categories into which he or she fits. The number of instances of multiple voting has not been documented, and the practice is likely not widespread. Yet the possibility of it occurring does not enhance the legitimacy of the delegate selection process.

Local constituency association delegates constituted 53 per cent of the delegates attending the 1983 Progressive Conservative convention, and 54 per cent of voting delegates for the 1984 Liberal leadership contest. (Carty 1988a, 84) Each constituency association of the Progressive Conservative Party could send six delegates to the national convention, while the comparable number for the Liberals was seven in 1984 and 12 in 1990. The NDP has six categories of delegates: constituency, affiliated union, central labour, youth, caucus and federal council. Two-thirds of the delegates attending the NDP leadership convention in 1989 were from the constituencies; one-fifth represented unions.

Elected delegates play a far more crucial role in the selection of party leaders at leadership conventions than they did previously. As R.K. Carty notes, "traditionally ... leadership conventions appear to have been dominated by members of the party establishment". (1988a, 85) The pre-eminent role of the party establishment has been replaced by campaign organizations dedicated to the leadership ambitions of single contestants. Increasingly, constituency delegates are elected as slates committed to a single leadership contestant.

Assessing the Leadership Selection Process

Elaborate constituency mobilization and organization techniques are critical to effective leadership campaigns. Leadership campaign organizations have

become highly professional. They maintain computerized data banks on the strength of delegates' commitment to various contestants, and they conduct opinion polls to test the credibility of contestants and policies. Potential delegates are contacted and tracked using direct mail and telemarketing. Leadership contestants are now obliged to establish local organizations in as many constituencies as possible to influence delegate selection, and national campaign tours have become indispensable to the serious contestant. Lengthy leadership campaigns culminate in convention-week events modelled on the U.S. presidential nomination conventions. This sophisticated approach to leader selection has been accompanied by intense media scrutiny and coverage. For a short period, major leadership aspirants receive considerable prime-time broadcast coverage, and their leadership qualities and policy ideas are assessed in detail by the print media.

The media also give equal attention to the tactics and methods of leadership contestants. Recent leadership conventions have become highly controversial on two fronts. First, the practice by campaign organizations or special-interest groups of paying party membership fees to recruit instant party members who help elect sympathetic delegates or slates of delegates has undermined the integrity of the leadership selection process. These activities have often occurred close to the delegate selection meeting because the parties do not have standardized or consistent membership requirement rules in place. The fluidity of membership requirements in most parties creates unnecessary opportunities for the use of questionable strategies in the leadership selection process. For example, individuals residing in one constituency can be provided with party memberships and transported to a delegate selection meeting in another constituency where they then vote to select delegates. During recent Liberal and Progressive Conservative leadership conventions, there were frequent media reports of delegate selection meetings being packed with minors, non-voters and instant partisans. These members were mobilized for the specific purpose of supporting the leadership aspirations of individual contestants. They had no previous history of party activism, and they were not encouraged to participate in further party activities following the delegate meeting. Abuses of party membership rules and controversial mobilization techniques first became part of the public image of the leadership selection process because of media scrutiny of the competition between the campaign organizations of Joe Clark and Brian Mulroney during the 1983 Progressive Conservative race. (Carty 1988a; Martin et al. 1983) Among the new members recruited were minors and individuals from community shelters who had no previous or lasting commitment to the party. (Graham 1986, 157–58)

This is not to suggest that there are no merits to the 'transformation of constituency politics' as a result of changing recruitment techniques. The competitive pursuit of delegates by various campaign organizations across the country during the 1983 Progressive Conservative leadership race helped give the party an organizational presence in many constituencies where it

had been relatively weak. Moreover, competition to mobilize support for the election of loyal delegates has in many cases increased the participatory base of local constituency politics. (Carty 1988a)

The highly competitive and open nature of delegate selection that characterizes leadership campaigns in the Liberal and Progressive Conservative parties is less prominent in the NDP. Only half the constituency delegate positions were contested during the 1989 NDP leadership campaign, and seldom did leadership contestants run a slate of delegates. Further, the delegate positions given to the trade unions were not contested publicly.

The second controversial dimension of the selection process is the cost and financing of recent leadership campaigns. Large sums of money and resources are now needed by the campaign organizations of leadership contestants to mobilize support and ensure the selection of delegates. It has been estimated that the top two contestants during the 1990 Liberal leadership contest raised approximately \$2 million each. Reliable estimates for the amount of money spent by the leading contenders for the 1983 Progressive Conservative leadership convention are difficult to obtain, because contestants were not required to disclose what they spent or how much they raised. Neither of these national parties has required leadership contenders to provide full public disclosure of who contributed to their campaigns or in what amounts.

The concern that the leadership campaign organizations are raising and spending excessive amounts of money must be weighed against contending and concurrent pressures from party members, and at times the public at large, that leadership aspirants engage in contestants' debates across the country and provide frequent opportunities for the critical assessment of their views and policies. In response to these expectations, leadership contestants are often required to establish large organizations to ensure that they can accommodate the pressures for an open, accessible campaign.

Both the NDP and the Liberal Party have moved toward partial public funding of leadership contests by channelling contributions to leadership campaigns through the parties, thereby making them eligible for a tax receipt. Receipted contributions to contestants for the Liberal leadership race in 1990, for example, totalled \$1 954 958; contestants who channelled contributions to their campaigns through the party paid a total of \$608 151 in "candidate levies". (Reform Commission of the Liberal Party 1991, 16)

The use of public funding for leadership conventions has become a source of controversy. First, legislation does not specifically provide for the use of the tax credit for such purposes. In a brief to our Commission, the Minister of National Revenue noted,

while it cannot be doubted that expenses incurred by leadership candidates are expenses within the purposes for which the party has been established, the need for the channelling of the funds through the party in order to qualify for tax assistance gives the transaction an air of artificiality.

If it is Parliament's intent to allow tax-assisted contributions to be utilized in party leadership campaigns, consideration should be given to having the legislation clearly and directly reflect this intent. (Brief 1990, 7-8)

Second, concern has been expressed that it is inappropriate for public funding to be used for leadership campaigns without implementing financial disclosure and accountability rules that match those in the *Canada Elections Act* on election campaigns and party financing.

The use of the tax credit system to help finance party leadership campaigns introduces a clear public dimension to the process. The tax credit helps leadership contestants raise funds from a broader base of party members than might otherwise be the case. This in turn may lower barriers for those who do not have access to substantial donors.

Party Responses to Public Criticisms

Political parties have made tentative efforts to respond to public criticism of the leadership selection process. Active party members appear to share the views of the electorate. A survey of Liberal delegates attending the 1990 leadership convention showed a significant measure of support for either party or public regulation of the leadership selection process. Approximately half the delegates surveyed supported public regulation of the selection process. Just over two-thirds agreed that there should be at least partial public regulation of leadership selection, given parties' important public responsibilities. Ninety per cent supported spending limits for leadership campaigns, a majority supported limits on the size of financial contributions to leadership campaigns and about 90 per cent wanted full public disclosure of contributions and expenditures. (Perlin 1991 RC)

Several provincial parties have responded to public criticism by selecting their leaders through direct election by all party members in good standing, although the new-found virtue of this approach may not be totally unrelated to the tight financial position of the parties at the time. Leaders of the Parti québécois were elected through direct election in 1985 and 1987, as were leaders of the provincial Progressive Conservatives in Prince Edward Island in 1987 and in Ontario in 1990. At its 1990 national convention, the Liberal Party of Canada adopted a policy resolution that supported the direct election of its next leader. The feasibility of the resolution is being examined by the party's internal reform commission. Advocates of direct election argue this approach is more democratic, because it limits the influence of the party establishment over the selection of the leader and gives more influence to rank-and-file members. Direct election of party leaders may also reduce the opportunities for abuse of membership rules. It is seen as a credible mechanism for rebuilding public confidence in the leadership selection process. At the same time, this process may dampen the considerable publicity and interest that typically surrounds a leadership convention. As well, direct election does not necessarily guarantee broader participation.

Lower-than-expected participation has been experienced in several provincial leadership conventions that used the direct election method.

The parties have recently made efforts to regulate spending during leadership conventions. The NDP established internal spending limits of \$150 000 per candidate for its 1989 leadership campaign. Contestants were required to submit a full account of expenditures and fund-raising activities before ballots were cast at the convention. None of the seven contestants exceeded the spending limit, but it is not clear that the expenses subject to the limit covered all the contestants' major costs. (Archer 1991a RC) For example, several campaign organizations made extensive use of volunteer labour from trade unions, thereby reducing the need for paid professional staff. In addition, the party subsidized leadership aspirants, for example, by paying their travel costs. In short, the accounts of expenses submitted by the contestants did not show the total costs involved in the exercise.

Spending limits of \$1.7 million were set by the Liberal Party for its 1990 leadership campaign. Other campaign rules prohibited the contestants' campaign organizations from purchasing party memberships in federal constituencies, student clubs or women's associations; nor were the organizations allowed to incur expenses to help delegates attend constituency selection meetings or the national convention. The Liberal Party also established financial disclosure and transparency rules, but contestants were not required to indicate the specific source or size of contributions.

These efforts at self-regulation have not assuaged concerns that the role of money in the selection of national leaders has the potential to undermine the integrity and fairness of the process. At the same time, it remains difficult for party officials to enforce the rules that do exist. Once the campaign begins, control of the process and of the party is essentially in the hands of the leadership contestants. Unless one of the contestants launches a complaint before the party's rules committee, the party has little direct authority to ensure that the rules are followed.

Reforming the Leadership Selection Process

The selection of national leaders is a central responsibility of our political parties. Current practices used to select national party leaders suggest three concerns: legitimacy, fairness and public confidence. The legitimacy of the leadership selection process is undermined when constituency delegates and supporters are recruited indiscriminately and without due regard to the dignity of individual citizens. The principle of fairness is undermined in leadership selection by the absence of credible or enforceable spending limits. Spending limits for parties and candidates are an integral part of electoral law in Canada. They ensure that the dynamics of electoral competition are not determined exclusively by the ability to raise and spend large sums of money. Public confidence is undermined by the absence of full and complete disclosure, particularly when public monies are used and when there is doubt that the rules are enforced. Full public disclosure

must mean more than the leadership contestants tabling general financial accounts to their parties after the leadership convention. Information is needed on the number and identification of individual contributors. Both delegates and the public should have the opportunity to fully assess the sources and sizes of the financial contributions that a leadership contestant receives.

None of the large parties, provincially or federally, has a permanent set of rules and guidelines in place to govern their leadership selection processes. While the party constitutions may include some general provisions on the management of leadership conventions and campaigns, specific rules directed at the conduct of leadership campaigns such as delegate selection rules, spending limits and disclosure rules are not established until the party leadership becomes vacant. Even then, there is no requirement that the parties put in place rules that set the parameters within which leadership campaigns raise and spend money and mobilize support during the selection of delegates. The absence of permanent or well-developed rules for leadership campaigns can mean that the drafting of temporary rules becomes the source of internal party conflict, whereby leadership campaign organizations lobby to have rules established which favour their interests.

Several parties have set internal spending limits for recent leadership campaigns. Limits were issued as internal guidelines to be followed by contestants' campaign organizations. While the national parties may want to see credible spending limits set and enforced, their ability and resources to meet this objective are modest. The value and intent of spending limits can be realized only if they have the sanction of law. This has been confirmed to the Commission by many experienced party officials. The presence of legal sanctions that enforce spending limits for leadership campaigns would be an effective deterrent to campaign organization excesses, in much the same way as spending limits in the electoral law have required parties and candidates to adjust the way they plan and implement campaign strategies based on their ability to spend a set amount of money.

During our public hearings, representatives from the political parties stated that the leadership selection process must remain within the purview of political parties. They noted that parties are essentially private, self-regulating organizations made up of volunteers. Many interveners, however, submitted proposals for public regulation of the leadership selection process. Among the proposals were recommendations on campaign spending limits, spending disclosure requirements, contribution limits, contribution disclosures, restrictions on sources of contributions and public subsidization of certain campaign expenses.

The party processes and practices used to select leaders should reflect, and in fact affirm, the separate and distinct histories, traditions and cultures of each party. Accordingly, each party should be able to establish rules that are consistent with its structure, internal processes, membership base and revenue base. However, the leadership selection processes should not

undermine the principles of fairness and equity that are fundamental to our electoral process, particularly since public funding is involved.

These considerations lead us to conclude that changes to the financing of leadership campaigns must be guided by two general objectives. First, minimum requirements should be set out in electoral law to ensure that leadership selection in all registered parties is guided by common values and principles that promote the integrity of the electoral process and that affirm the principle of fairness in electoral competition. To this end, requirements for spending limits, financial disclosure rules and the use of the tax credit should be included in electoral law.

In Chapter 6 of this volume, we recommend that spending limits for registered political parties be based on \$0.70 per registered voter. Based on the potential number of registered voters in 1990, parties nominating candidates in all constituencies would have spending limits of \$12.63 million for the next federal election. Consequently, a spending limit that restricted each leadership contestant to 15 per cent of the party's election expense limit would be approximately \$1.89 million. This limit is consistent with the expenditures of leadership contestants for recent leadership campaigns by the large national parties and would be sufficient to allow leadership contestants to engage in competitive, national campaigns.

Leadership contestants would acquire access to the tax credit as a result of being accredited bona fide contestants by their parties. Further, the tax receipts would be issued by the party, rather than by representatives of the leadership contestants. Consequently, any financial surpluses accumulated by leadership contestants that represent any portion of the amount of political contributions that would have benefited from the tax credit, based on the spending limit established by electoral law or by the party, are essentially public funds. Consequently, such surpluses should revert either to the party, the party foundation or to a registered constituency association. The leadership contestant would decide where to assign her or his financial surplus. For example, if spending limits for leadership contestants were \$1.8 million and the contestant raised \$2.1 million and spent \$1.5 million, \$300 000 of the \$500 000 surplus would have benefited from tax credits. This amount would revert back to the party or any of its constituent elements. The objective here would be to affirm that the use of the tax credit for the leadership selection process is very much the prerogative, privilege and responsibility of the registered party as a collectivity.

Ensuring adherence to these rules, given that they are founded on ideas and values central to our system of representative democracy, should be the responsibility of the Canada Elections Commission. In meeting this objective, leadership contestants should be required to designate agents with responsibilities that are similar to those assumed by official agents for candidates during general elections. The appointment of such agents would ensure that the financial records of leadership contestants are maintained in accordance with generally accepted accounting procedures and principles and

the requirements of the Act. As a consequence, the financial activities of the leadership campaign organizations could be readily compared and assessed by party members.

Second, the treatment of the leadership selection process in electoral law should be neither so restrictive nor so intrusive as to impair the capacity of individual parties to establish rules and processes that reflect their own distinct traditions and character. Consequently, parties must be provided with the opportunity to establish internal rules governing their leadership selection process. Some parties may choose to adopt rules that impose stricter financial disclosure requirements and spending limits for leadership contestants, for example less than 15 per cent of the party's election expenses. Such rules could provide party members with further opportunities to assess the patterns of political contributions used by leadership contestants to finance their campaign organizations. Our recommendations are designed to meet each of these objectives.

Recommendation 1.5.12

We recommend that, as a condition of registration, the constitution of a party be filed with the Canada Elections Commission and include the following provisions:

- (1) only members residing in the constituency who are in good standing for 30 days before the date set for a meeting to select delegates for a leadership convention be able to vote for delegates;**
- (2) for members who reside outside a constituency that is selecting delegates for a leadership convention, only members who are in good standing at least six months before the date set for the meeting be able to vote for the election of delegates;**
- (3) only members who are in good standing at least 30 days before the date set for the election of the leader through universal suffrage of party members be able to vote for the election of the party leader; and**
- (4) immediately on determination that the process for the selection of a leader will be initiated, specific rules to govern the process be adopted by the relevant party authorities, including**
 - (i) obligations for leadership contestants to provide full disclosure of financial activities, including size and source of financial contributions of \$250 or more in the aggregate;**
 - (ii) spending limits, which may be less than the 15 per cent of the election expenses permitted the party under the *Canada Elections Act* for the most recent federal general election; and**
 - (iii) requirements for a preliminary report by leadership contestants on their expenses and revenues on the day preceding the election of the leader.**

Recommendation 1.5.13

We recommend that the *Canada Elections Act* be amended to include the following provisions:

- (1) leadership contestants be required to file a report on expenses and revenues to the Canada Elections Commission within three months of the day the vote is held to select the leader;
- (2) spending by individual leadership contestants of registered parties not exceed 15 per cent of the election expenses permitted the party under the *Canada Elections Act* for the most recent federal general election;
- (3) each contestant for the leadership of the party be required to appoint an agent with responsibilities similar to those of the official agent of a candidate;
- (4) the spending limits for leadership campaigns take effect from the time the party sets and announces a date for the election of its leader, and apply to the date when the party leader is elected;
- (5) bona fide contestants for a registered party's leadership, as determined by the party, be eligible to use the tax credit system in fund-raising activities, through a mechanism established by the registered party;
- (6) tax credits for leadership campaigns be issued only by the party, and the total amount of contributions to a leadership contestant for which tax credits are attributed not exceed the total spending limit established by the party for each leadership contestant; and
- (7) any portion of financial surpluses accumulated by leadership contestants that would have qualified for tax credits revert, at the discretion of the leadership contestant, to the registered political party, to the party's registered party foundation or to one of the party's registered constituency associations.

STRENGTHENING THE ROLE OF POLITICAL PARTIES

Codes of Ethics

Political parties are subject to criticism for failing to correct behaviour that undermines confidence in the integrity of parties and the political process. A complaint that frequently arose in our hearings is that political parties are either unwilling or incapable of monitoring and enforcing fair procedures in party activities. The concern is that where incidents or allegations of misbehaviour arise, parties have been reluctant to assume responsibility for reviewing and revising the practices that gave rise to the allegations.

Perceptions that parties may not accept the seriousness or immediacy of public concerns encourage suggestions that an increasing range of party

activities should be regulated. Public expectations of parties are more extensive and demanding than ever before, and the public's judgements of party behaviour are no longer confined to the election period. Canadians increasingly perceive a public interest in how parties nominate candidates and select leaders, and also in the outcomes of these processes in terms of fair representation. Broadened public expectations challenge the parties to ensure that they address values that cut across party lines by conducting themselves in ways that instil confidence in the integrity and fairness of the political process.

In responding to these increased demands for regulating internal party activities, the experiences of other kinds of organizations that face similar challenges are relevant. Many have responded by implementing codes of ethics, which are written statements of an organization's basic values and principles of behaviour. Codes of ethics provide individual members of these organizations with a framework for evaluating daily practices and decisions. Although there is considerable variation in the scope and structure of ethical codes and in the specific values they articulate, they all share two essential elements: an explicit statement of the organization's values and principles, which are grounded in its philosophy, objectives and traditions; and an explicit statement that commits all members of the organization to these values and principles.

While codes of ethics are increasingly commonplace for corporations, professional associations and public servants, there is little practical experience of political parties adopting them. Nevertheless, there is much to commend a code of ethics to political parties.

A code of ethics would establish an important organizational instrument of party governance, giving party executives and leadership a tool to manage and give coherence to the behaviour, practices and standards of the party. A code of ethics would help foster and reinforce agreement with the fundamental values that underpin and distinguish a political party. Acceptance of and commitment to the basic party principles and values are essential if the leaders of these large and decentralized organizations are to exercise effective direction and ensure that members' activities reflect their basic precepts and values. By specifically articulating these values in a code of ethics, and stating how they should inform the conduct of all members, parties could facilitate and promote the shared culture that binds members to a party.

A code of ethics would motivate appropriate behaviour and help peer pressure enforce an articulated and generally recognized set of behavioural expectations. In so doing, a code would enhance the ability of party leaders to promote compliance with and conformity to the party's principles and standards. The codification of these standards and expectations would make it easier and more justifiable to impose sanctions for those who fail to uphold the code.

With the adoption of a code of ethics would come the responsibility that party members conduct themselves in ways that reflect and reinforce

the basic philosophy and values of the party. This would facilitate evaluation of the party practices and rules and address any disparities between desirable standards and current practices. By establishing a framework for members to assess and re-evaluate their own and others' conduct that might undermine confidence and respect for their political party, a code of ethics would provide not only the rationale, but also the justification for insisting that the party membership reform its procedures and seek affirmative and innovative ways of correcting problems.

For example, a party might be committed to enhancing its representational base to include more women and members of underrepresented groups, but its internal practices and procedures might pose unintended or unrecognized barriers to full participation. Setting out greater representativeness as a basic value or principle in a code of ethics would enable members to identify barriers and to challenge those who maintain them. A commitment to fair representation, for instance, could be the basis for insisting that the party strengthen search committees or other mechanisms that enhance the party's representative nature.

Crystallizing the party's basic values and principles in a code of ethics would be particularly valuable to party members who make difficult decisions in the competitive environment of electoral campaigns. It would enhance the incentive and inclination of party members to put the party's long-term interest in protecting its integrity and public respect ahead of potential and illusive short-term gains.

A code of ethics would also be a vehicle to promote internal discussion and debate about political practices in the light of the standards and principles the party has articulated. The very act of consulting other party members and discussing the activities with reference to a code of ethics would foster reflection on members' and parties' practices. Members who have ethical concerns about the practices of others within the party would also have a basis for criticizing and resisting these practices. These steps are crucial for modifying behaviour within parties and for altering perceptions about the appropriate criteria for making decisions.

The affirmation of a party's basic principles and values in a code of ethics would help bind members to the common purpose of strengthening the party and affirming its integrity. A willingness to uphold its basic standards would be seen as a strong commitment to the party.

Another important contribution of a code of ethics would be to infuse the value of party membership with greater importance. Unlike western European party systems, which encourage and promote meaningful membership in all party activities, Canadian parties are criticized for placing too great an emphasis on the voting capacity of members in leadership and nomination activities, at the expense of their contribution to the more general objectives and functions of the party. A code would encourage parties to evaluate the importance of membership by determining what guidelines and principles should govern it, including the role of members in

leadership and candidate selection processes. The requirement that the executive enforce the code's principles and establish sanctions for violations would encourage more serious consideration of members' responsibilities and obligations. Furthermore, the responsibility of each member to evaluate his or her own practices in relation to the code would contribute to the significance of membership by making each member a vital part of the organization in all aspects of the party's operations.

Separate codes for each of the political parties would seem preferable. A code of ethics should affirm rather than impair the distinct political histories and cultures of the parties. The very existence of a large number of registered political parties in Canada is indicative of the diversity of ideas and values they represent. Each party has established its own organizational and structural traditions to accommodate the representational objectives of its members, candidates and leaders. Further, separate codes that are more reflective of the parties' own unique histories would engender more sympathetic support from party members to their code's ideals and values.

Nonetheless, codes for different parties would likely include a number of common themes. For example, ethical codes might provide statements about the rights and obligations of membership, establish standards for recruiting candidates and leaders, outline the norms that should govern these processes, establish guidelines for soliciting contributions, articulate principles to assess election advertising campaigns and establish guidelines for mobilizing the vote on election day.

A code of ethics would help reconcile public demands for greater regulation with the legitimate desire of parties to manage their internal affairs. It would allow the parties to respond to the concerns underlying demands for regulation in a way that does not undermine their capacity to organize their internal operations. Implementing a code of ethics would represent a more assertive and deliberate response to the perceived problems than promising internal reforms that may or may not take place.

Public confidence requires that the basic election rules be clearly articulated in a fair and transparent regulatory framework. Normative expectations, however, may not be satisfied simply by conforming with established laws. Legal requirements represent the minimum standards that have to be obeyed without penalty. Although obeying the law is a requisite for appropriate conduct, it does not in itself exhaust obligations. Consequently, political parties will always be subject to demands that activities be regulated when these activities appear to depart significantly from public expectations of appropriate conduct, or when parties are perceived as being incapable of or unwilling to modify the offending practices.

For example, serious concerns were raised about the way party members conduct themselves during elections. These criticisms cannot be addressed easily by regulations. Elections are activities in which parties should be given as broad a margin as possible to promote policies and platforms and to distinguish themselves from their partisan rivals; it would therefore be

difficult, and arguably ill-advised, to regulate party election strategies and tactics. Nevertheless, the integrity of the electoral process is threatened by public concerns that election advertising is deceptive, that it cheapens the electoral system and alienates voters, or that suspect election practices are used to manipulate and exploit certain groups of voters.

A critical factor in determining the effectiveness of codes of ethics is enforcement. If codes are to constitute a meaningful and useful organizational tool for party leaders, exhortations to engage in appropriate behaviour are insufficient. Parties face a challenge in enforcing their codes, particularly in light of the parties' dispersed nature and their essentially volunteer character. Enforcement must reflect the objectives, structure and culture of the political party adopting a code of ethics, but certain steps could maximize the effectiveness of a code in encouraging ethical reflection in decision making.

For example, constituency associations could establish procedures to review complaints from members that other members or party officers have not acted in accordance with the code. Mechanisms should also be established to interpret the code and its application in particular circumstances. Parties may wish to introduce a division of labour between local associations and the national executive in making recommendations and imposing sanctions or penalties. For example, parties might require that the local constituency association assume responsibility for making immediate recommendations on whether a nomination convention was conducted fairly, but allow the national executive, through an appeal mechanism, to make the final determination and decide on appropriate penalties or sanctions. The penalties parties could establish for non-compliance might include, for example, reprimand, disqualifying membership, suspending membership or revoking membership. When party officers or candidates violate the code, penalties could include reprimand, disqualifying candidates from nomination or leadership, prohibiting members from serving in an official party capacity, disqualifying elected delegates, revoking membership or nullifying the result of a selection process.

Both the development and the implementation of a code of ethics within a party could be made the primary responsibility of an ethics committee. Representation on the committee would come from the party's national executive and the constituencies. The ethics committee would consult extensively with party members and officials on the contents and purposes of the party's code, and assist in publicizing the code throughout the membership. In this way, the participatory qualities and mobilization attributes of the code could be enhanced. The presence of an active, credible ethics committee within the party would increase the prominence and meaning of the code as a determinant in how party members and officials participate in electoral and political activities. The ethics committee could be used as a forum to promote the code as an instrument for attracting new members to the ideas and values represented by the party.

Parties might also require an ethics committee to submit annual reports to either the leadership or the general membership of the party. These reports would provide valuable information on common problems and concerns that the party might wish to redress by internal reforms or amendments to the code. In addition, this information would be valuable if the national party wished to hold advisory or educational meetings on the state of compliance with the code.

Satisfying public and party expectations requires effective leadership capable of frank appraisals of whether party conduct and members' activities satisfy expectations. Although legislative reforms should accompany changing ethical expectations, electoral law can and should go only so far in encouraging certain kinds of behaviour. A code of ethics would give leadership the tools for promoting and enforcing – and members a clearer sense of obligation to – the principles of the party. Whether motivated by a new sense of public and party responsibility or by enlightened self-interest to reform activities before public confidence declines further, the articulation of acceptable standards of behaviour for members, parties and local associations would go a long way toward instilling public and member confidence in the integrity of political parties. In short, it would give parties an effective way to manage their own conduct and forestall increased demands for regulation.

Recommendation 1.5.14

We recommend that

- (a) each registered party adopt a code of ethics; and**
- (b) each party set up an ethics committee to help ensure adherence to and promotion of the code.**

The Policy Development and Education Roles of Parties

Since Confederation, the meaning and substance of party membership have changed considerably. In the early years, and indeed well into this century, membership in a political party was not determined by fees or formal membership requirements. Yet from the 1870s onward, the partisanship of individuals was easily defined. Party membership served political, economic and social functions. Members from competing parties engaged in frequent and open debate. Dedicated members gave parties a permanent and meaningful presence in community life.

With the decline of broadly based parties enjoying a strong organizational base in local constituencies came a decline in partisan identification. In more recent decades, the value and meaning of party membership have changed further as many citizens have found other ways of engaging in political action through interest groups, which have redirected their volunteer energies away from parties and toward other private organizations.

Based on the recent history of the leadership and candidate selection processes, party membership is seen less as an integral facet of partisan politics and more as a useful instrument for mobilizing support for an individual wanting to become a party candidate, leader or officer. New members are recruited for the specific purpose of providing votes for an individual. In such cases, membership recruitment is not designed to bind new members to the ideas of the party, but to advance the electoral aspirations of individuals. To this extent, membership recruitment is not primarily a function performed by parties in a collective sense. Parties benefit, of course, but the benefits may be only short-term.

For the Liberals, Progressive Conservatives and the NDP, recruitment of members and administration of membership lists are handled at the local or provincial level. None of the three national party organizations has a single centralized membership list. Membership fees and formal requirements in the Progressive Conservative Party are established by local constituency associations. The Liberal Party's approach to membership rules varies from province to province: "some provincial organizations, such as the Liberal Party of Canada (Québec) and the four western provinces, have centralized membership lists and fees; others, such as Ontario, traditionally have not, although all the provincial parties are supposedly moving to centralized memberships". (Wearing 1988, 193) Membership fees and requirements in the NDP are determined by the provincial organizations.

The absence of centralized party lists limits the ability of national party organizations to provide services to or communicate directly with their members. In fact, the national parties do not possess precise estimates of the number of party members whose membership fees are paid up. None of the three largest parties have a regular means of communicating directly with their members or of informing them about the activities and objectives of the national party organizations. The national executive of the Progressive Conservative Party uses a number of informal devices to communicate with some members. For example, the minutes of the national executive meetings are frequently distributed to all constituency presidents and secretaries, and regional vice presidents have been given some responsibility to report to members on the activities of the national party. The NDP national executive restricts communications with the general party membership to financial reports and policy statements made by party executives at biennial party conventions. The national president of the Liberal Party makes an oral report on party activities at biennial policy conventions. These weak linkages among the national party organizations, the constituency associations and the party members impede the ability of individual parties to instil the distinct party culture, ideas and values that attract committed, dedicated members. On too many occasions, individuals joining political parties are given responsibilities only during the relatively short periods of electoral competition. As noted by one party official in 1989, "if everyone who works on an election arrived on our doorstep tomorrow morning,

three years away from an election ... we wouldn't know what to do with them" (quoted in R. Pelletier 1991 RC). After the election has been called, fought and concluded, party members become isolated from the day-to-day activities of the party organization, and they are provided with few incentives to be active participants in party affairs.

Levels of political voluntarism and activism remain relatively high in Canada, but the number of individuals joining parties and committing themselves to partisan politics is declining. (Nevitte 1991 RC) This stands in contrast to developments in some other countries, where membership in both small and large parties has actually increased. (Selle and Svåsand 1991) For many Canadians, political parties are not seen as plausible institutions for organizing and managing collective political action.

As Jane Jenson argued, during the debate leading to adoption of the 1974 reforms, "the idea that parties might serve as a bridge between individual citizens and the state remained a somewhat foreign concept in federal politics". (1991b RC) The main concerns at the time were controlling the costs of election campaigns and ensuring that the parties had adequate revenue for that purpose. Party registration had been introduced in 1970, and political parties were implicitly recognized in the regulations for election broadcast advertising and the tax credit. Nevertheless, "this recognition of parties did not necessarily emerge from any philosophy that the parties were important national institutions nor pay any systematic attention to them as actors with responsibilities for the health of the Canadian polity". (Jenson 1991b RC)

The dilemma is that the core of the party organization is concerned primarily with elections; it is much less interested in discussing and analysing political issues that are not connected directly to winning the next election, or in attempting to articulate the broader values of the party.

An important step in strengthening parties as primary political organizations is for parties to reaffirm the value and dignity of membership as an integral part of partisan politics. The parties need to recapture their position and reassert their role in the realm of political education, policy development and value articulation, including the creation of broader partisan networks. An element of current popular sentiment would like to see politics and political parties removed as much as possible from the making of public policy; the continued health of our democracy, however, requires that people in Canada become more involved in political life through political parties. One means of doing so would be to encourage political parties to develop an institutional base for engaging individuals in activities less clearly linked to short-term electoral considerations.

In most western democracies, political parties do not limit their activities to electoral contests. They educate and mobilize core supporters and party members through conferences, seminars and specialized publications, they prepare for the logistics of governance and, in the case of parties in power, they go beyond the bureaucracy to tap into networks of knowledgeable supporters on specific policy matters.

Fulfilling these needs is generally recognized as important for the well-being of both parties and democratic governance. For this reason, political parties in most democracies have the capacity to draw on well-developed networks of expertise, and to engage in the political education of their own members and party sympathizers on major issues. This capacity for distilling and disseminating knowledge often has an institutional base, either formally within the party as in many European countries, or in one or more centres outside but still closely allied to the party or to key figures in it, as in the United States and Great Britain. That these activities are deemed important by governments and the public is shown by the fact that a number of jurisdictions fund parties directly through grants or allowances in non-election years.

The Federal Republic of Germany introduced annual funding in 1959. Although the Constitutional Court ruled in 1966 that public funding for activities other than election campaigns was unconstitutional, the following year the *Party Law* was adopted providing reimbursements to parties that resemble annual funding: 40 per cent is paid immediately after the election, 10 per cent the second year, 15 per cent the third year, and the remaining 35 per cent in the last year before the next election. The *Party Law* also provided for annual block grants to the foundations associated with parties that gained at least 5 per cent of the vote in an election. (Pinto-Duschinsky 1991 RC)

Annual funding of political parties was introduced in France in 1988. The fund is distributed in two parts. The first is allocated to parties represented in the National Assembly and the Senate on the basis of the number of seats they hold. The remainder is assigned to parties that had at least 75 candidates in the last National Assembly elections, and is allocated on the basis of their results in the first round of those elections. Italy, Sweden and Austria also fund political parties through annual payments. In the Netherlands, annual payments are made only to support party foundations rather than the parties. (Wolinetz 1991)

Three Canadian provinces, Quebec, New Brunswick and Prince Edward Island, provide annual funding to political parties. Quebec introduced its system in 1975. All "authorized parties" receive a monthly "allowance", and section 83 of the *Quebec Election Act* states,

The allowance shall be used to reimburse the expenses incurred by the parties for their current administration, the propagation of their political programs and the coordination of the political activities of their members; it shall be paid only if the expenses are actually incurred and paid.⁵

New Brunswick has provided annual funding to parties since 1978. Parties qualify if they are represented in the Legislative Assembly or have had at least 10 candidates at the last election (the province has 58 constituencies). The amount of the annual grant is determined by multiplying the number of votes cast for the party's candidates at the last election by an amount stipulated in the *Political Process Financing Act* (the amount is

adjusted annually to the consumer price index).⁶ In Prince Edward Island, parties qualify for annual grants only if they hold at least two seats in the 32-member Legislative Assembly.⁷

Political parties at the federal level in Canada have generally been able to raise much larger amounts of money than in the past. Their capacity to do so has varied over time, and at the end of 1989 two of the larger parties had an accumulated deficit. In these circumstances, there is little reason to believe that parties will shift resources to the kind of activities that would strengthen their role as primary political organizations – activities such as promoting political participation, education and policy development. As Michael Robinson, Chief Financial Officer of the Liberal Party, stated with regret at our seminar on election and party financing: “Political parties in their current structure, faced with competing demands for funds, will always put them to electoral purposes as opposed to long-term policy development or value articulation.”

Institutions for such long-term policy development in other democracies are important in several respects. Their advice to party leaders on alternative policies is not dictated by short-term electoral considerations. They provide the space to re-examine policy directions in a manner that does not imply that a change is necessarily forthcoming and does not elicit or require an immediate response by groups or competing parties. They give party leaders important connections to wider networks of people in universities and the private and non-profit sectors, individuals who are not necessarily party members but who are part of a broader constituency sympathetic to the general aims and values espoused by the party. These institutions engage in political education by holding seminars and conferences on significant policy problems, publishing periodicals dealing with party philosophy and policy issues and by regularly bringing core party members, including cabinet members and MPs, into contact with experts from outside the party. These institutions also help newly elected governments with the transition period by preparing the party leadership for the logistics of implementing the party's policies and programs. They play the critical role of recruiting and developing individuals who are skilled, sympathetic and familiar with the problems of democratic governance, and who can be placed in key positions within the government.

These institutions therefore supply the capacity both to help develop the party's philosophy and to help implement it. They also help strengthen the presence of the party in those sectors of society where the political party may not find ready acceptance as a strictly electoral machine. In short, these organizations provide a buffer in which the party leadership, legislators, the extra-parliamentary party and citizens can interact and communicate with each other.

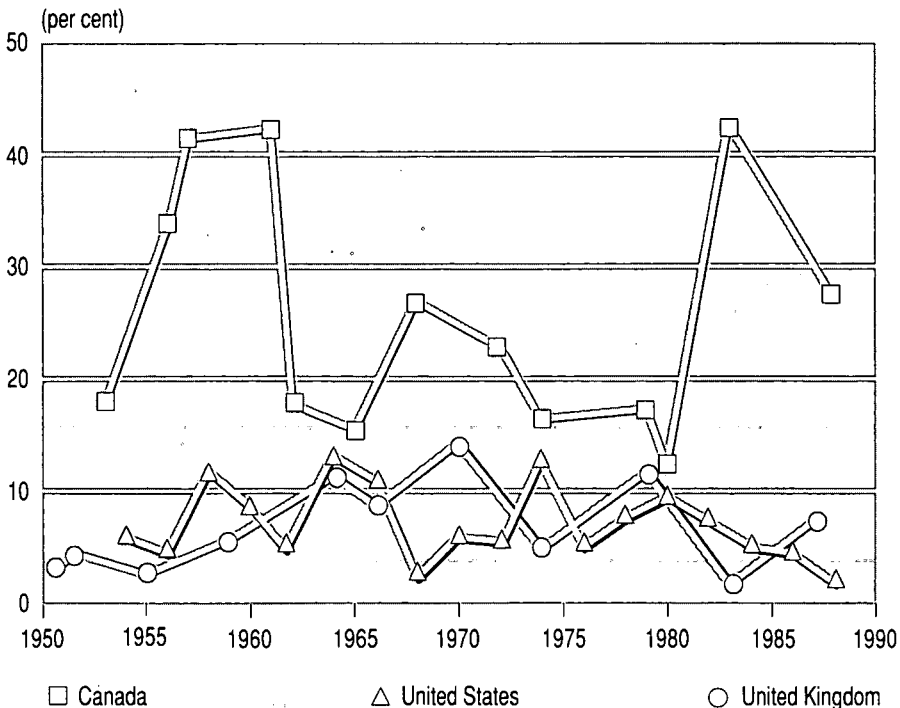
In most democracies, political parties have the capacity to engage in these activities either through formal institutes or through less formal means – that is, informal but fairly direct alliances between an outside institute and

the party. For the most part, however, Canadian political parties lack this capacity for political education and policy interpretation. This includes the NDP – the party that usually prides itself on its stance on issues. Overall, Canadian political parties have a reputation for being weak other than in the performance of electoral functions.

The reasons for this situation are many and complex. The Liberals and Progressive Conservatives, and to a degree the NDP as well, in seeking to bridge disparate interests and social cleavages, have not always developed firm positions on issues. The free trade issue in the 1988 election, however, shows that parties are certainly capable of doing so under the right circumstances. In Canada, moreover, the lower levels of party identification and the higher levels of volatility and turnover, especially at the constituency level, make parties and individual MPs even more sensitive to short-term factors than legislators in Great Britain or the United States need to be. (Blake 1991 RC) The levels of electoral volatility for these countries are contrasted in Figure 5.1. There is also Canada's geography: like the population, parties are physically dispersed, making it difficult to find the time and resources to engage in political dialogue.

Canada does have a number of institutes and foundations with mandates to undertake public policy research, including the C.D. Howe Institute, the Institute for Research on Public Policy (IRPP), and the Fraser Institute.

Figure 5.1
Legislative turnover in Canada, the United States and United Kingdom:
percentage of seats changing party, 1950–1990



Source: Adapted from Blake 1991 RC.

However, these organizations have generally attempted to depict themselves as non-partisan. Furthermore, except at the most senior level, they have few direct or even indirect links with political parties. In part this relates to the development of a political culture in which it is not considered good form to be linked explicitly with a specific party or movement. Some institutes, such as the IRPP, were created in the early 1970s when many people felt distinct political beliefs were no longer important. "The end of ideology", as one analyst put it, (Bell 1960) led to a commitment to non-partisan, technocratic solutions to social and political problems.

The absence of party links also relates in good part to the institutes' status as charitable organizations for tax purposes. Under Revenue Canada rules (Canada, Revenue Canada, Taxation 1987), any educational activities engaged in by a charitable organization must not "include the dissemination of information directed toward achieving a political purpose". The effect has generally been to make boards of directors of research institutes wary of taking what could be interpreted as a political stance. In contrast, in the United States, foundations formed under section 501(c)(3) of the *Internal Revenue Code*, can accept unlimited tax-deductible contributions, yet still engage in political education, as long as they do not participate directly in election campaigns. (Lindquist 1989)

It could be argued that no matter how compelling the case for parties to have their own foundations, the exigencies of day-to-day electoral politics override any interest Canadian political parties might have in creating them, and further, that it would be unwise to force parties to accept something they do not want. This conclusion is open to question. Indeed, the best evidence of the need for party-based institutes is that all the large national parties have made efforts to create such organizations in the past, and have expressed interest in continuing such efforts.

The Liberal Party in the late 1960s and again in the 1980s launched a program of political education revolving around seminars and after their defeat in 1984, published a periodical entitled *De Novo*, drawing on contributors from within and outside the party and the academic community.

In the early 1980s, following the defeat of the Progressive Conservative government under Joe Clark and stimulated by the view that neither the parliamentary research office nor any of the institutes had been of any help in preparing the party for the transition from opposition to government, a group of Progressive Conservatives headed by Frank Oberle launched the National Foundation for Public Policy Development. It received letters patent and held its first official meeting on 14 May 1982. A conference was held in the fall of that year and a newsletter begun, but the foundation received an apparently fatal blow when its application for charitable tax status was rejected by Revenue Canada. At about the same time, the party was beginning to mobilize for the next election and funding for the foundation became a low priority, with the result that it disappeared soon after. (Lindquist 1989)

The NDP has an affiliated institute, the Douglas-Coldwell Foundation. However, the links between the foundation and the party are weak, in part because the Douglas-Coldwell Foundation does not wish to compromise its charitable tax status, and in part because the Foundation undertakes only limited activities. In addition, the leadership of the NDP has not been able to develop a strategy that would make effective use of the research and policy resources of the Foundation. Instead, the approach used by the party has tended to see policy development as one dimension of the short-term focus of adversarial politics. Policy research and development are the basic responsibilities of senior party officials who either report to the party leader or members of the parliamentary caucus. Despite the ideological cohesiveness between the Foundation and the NDP, there has been no credible bridging of the two separate organizational traditions and interests. The presence of the Douglas-Coldwell Foundation and the limited use the NDP has made of it show the inability of the Canadian party system to establish a strong institutional basis that develops and presents cogent, long-term and well-developed policy alternatives to Canadian voters. Encouragingly, there are discussions on revitalizing the Douglas-Coldwell Foundation and giving it a more meaningful role.

In sum, the failure of the large national parties to engage in political education has limited their opportunities to accommodate and mediate conflicting representational needs. They lack well-established networks of knowledgeable supporters who can provide advice on policy problems and policy implementation, or promote and defend the trade-offs that constitute an inherent part of sound public policies. In the absence of such opportunities to participate in the political process, many individuals have pursued their particular visions through specialized interest groups.

The experience of several other countries serves as a useful guide to strengthening political parties as primary political organizations. The links between parties and their members need to be revitalized and broadened, and the capacities of parties to develop public policies must be enhanced. From an institutional point of view, this is best accomplished under the auspices of a party institute or foundation that would be separate from the party's day-to-day and short-term electoral activities. The creation of party foundations by large registered parties would make a valuable contribution to our society.

Party foundations would have a mandate to engage in political education and to develop and articulate alternative policy responses to public issues. They would be linked to their parties, but would nonetheless operate under separate boards of directors. The party itself would determine the process for selecting and appointing board members. For example, the party leader or any party officer could be appointed to the board of directors. The boards would be responsible for appointing the directors, approving the program of activities of the organizations and, with the directors, have control over and responsibility for the budgets. The directors, in consultation

with the boards, would be responsible for developing and implementing programs of activities consistent with the mission and goals outlined in their constitutions and for maintaining liaison with their party leaders, the parliamentary parties and the constituent parts of the parties. To ensure a consistent and credible organizational presence, the constitutions of the foundations would have to meet the corporate requirements established for non-profit organizations as identified in the *Canada Corporations Act*.

Paradoxically, the contribution of foundations to parties will be enhanced if a certain space is provided between these organizations and the parties. On the one hand, this is imperative to give the flexibility, credibility and autonomy of action necessary to engage in meaningful policy development and education, and to attract sympathetic but non-partisan talents. On the other hand, parties and their leaders must be protected from attacks and criticism if and when alternative public policies are explored and discussed within their respective foundations.

In recommending that political parties establish party foundations or strengthen their existing foundations, we envisage a mission that would include the following kinds of activities:

- acting as a critical institutional base for a series of networks extending into different policy fields, and drawing on specialists from various sectors to provide sources of advice for the party executives and leadership to generate new ideas, and to examine the feasibility of implementing the party's policies;
- acting as a base for identifying and recruiting knowledgeable individuals with expertise in specific policy fields, in the programs and operations of government, and with the skills needed to support government leaders and to assist a party in the transition from opposition to government; and
- acting as a forum in which the party leadership can interact with various constituents of the party to help chart policy initiatives and to mobilize support in a manner that would not be possible in formal policy conventions or in government.

Recommendation 1.5.15

We recommend that

- (a) registered parties be encouraged to create party foundations;
- (b) the purpose of the party foundations be:
 - (1) to provide registered parties with a permanent institutional base for the development and promotion of policy alternatives;
 - (2) to bring together party members to participate in seminars and conferences on public policy issues;

- (3) to maintain a publication program to promote the education of party members;
- (4) to serve as a source of policy and research advice to registered parties in their roles as opposition and government parties; and
- (5) to assist registered parties during transitions from opposition to government, and from government to opposition; and
- (c) to be eligible for direct and/or indirect funding, party foundations be required:
 - (1) to meet the requirements for a non-profit organization established under the *Canada Corporations Act*;
 - (2) to have a constitution separate from their party's, explicitly stating the mission and goals of the organization, outlining procedures for selecting board members and the director, and providing a reasonable degree of autonomy to allow for and encourage the free flow of ideas and debate on important issues;
 - (3) to have a board of directors that represents the constituent parts of the party including, if the party so decides, the party leader or any party officer;
 - (4) to have specific provisions prohibiting the director and other full-time personnel from participating directly in the preparation of election-related material or in the conduct of election campaigns, unless they take unpaid leave from their positions;
 - (5) to present annual reports to the Canada Elections Commission on their activities and programs, including full disclosure of all revenues, expenditures and contributions, consistent with the financial disclosure requirements for political parties; and
 - (6) to prohibit any transfers of funds from the foundation to the political party other than for specific administrative services provided by the party.

Each foundation's constitution would be submitted to the Canada Elections Commission. In addition, audited financial statements and an annual report detailing the foundation's activities would be published and submitted to the Canada Elections Commission.

Funding would be in part through a system of annual payments from public funds to each party's foundation. The threshold for such funding would be a requirement that a registered party receive at least 5 per cent of the popular vote in the preceding election. The annual payments to foundations would be equal to \$0.25 times the number of votes a qualifying registered party received at the previous general election. If such a system were now in place, the annual payments would total \$3.04 million and

would be allocated to the parties as follows: Progressive Conservative Party, \$1 569 674; Liberal Party, \$879 122; and New Democratic Party, \$589 979.

Party foundations should be encouraged to solicit funds from private sources, whether they are individuals, businesses, unions or private foundations. The foundations could also benefit from existing trusts and endowments held by registered parties where limited use has been made of such funds. To this end, it would be necessary to amend the *Income Tax Act* to provide that registered party foundations are eligible for the tax credit allowed for donations to charitable organizations. This tax incentive could well be useful in encouraging contributions from those who might be more inclined to support a party foundation than to donate to a party. Under this scheme, political parties and party foundations would be encouraged to solicit contributions from different sources.

However, in receiving this special status the foundations should meet the conditions required of charitable organizations registered under the *Income Tax Act* to ensure that the annual grants received by the foundations are used to fulfil their purpose and mission. A circular on the role and responsibilities of charitable organizations issued by Revenue Canada states that:

to ensure that most of a charity's funds are used for charitable purposes, to discourage inappropriate accumulations of capital, and to keep administrative expenses to a reasonable level, the Act requires all charities to satisfy an annual minimum expenditure test which is based on what happened in the prior year. Every "registered charity" is required, each year, to have expended its "disbursement quotas". (Canada, Revenue Canada, Taxation 1985, 10)

The term "disbursement quotas" is defined in paragraph 149.1 (1)(e) of the Act. The quotas are used, in part, to calculate the dollar value of donation receipts in the preceding year, subject to certain exclusions. Specifically, charitable organizations are required "in any taxation year, [to] expend amounts that are equal to at least 80% of the aggregate of amounts for which it issued donation receipts in its immediately preceding taxation year". (Canada, Revenue Canada, Taxation 1985, 3) Further, to ensure they have credible administrative structures in place that can co-ordinate and implement their diverse responsibilities, the organization and composition of the board of directors of the foundations should be consistent with the registration requirements for charitable organizations.

Recommendation 1.5.16

We recommend that

- (a) public funding be provided for registered party foundations, subject to the threshold of a registered party having**

- at least 5 per cent of the national vote in the preceding election, in the form of an annual grant of \$0.25 for each vote received by the registered party in the preceding election;
- (b) the application for the creation of a party foundation be presented to the Canada Elections Commission by the registered party;
- (c) a registered party that has not set up a foundation be ineligible for the annual grants;
- (d) if the foundation is set up in any calendar year following a general election, the foundation be entitled to the total annual grant for that year;
- (e) the *Income Tax Act* be amended to provide that contributions to registered party foundations be eligible for a tax credit on the same scale as the credit that now applies to donations to charitable organizations;
- (f) foundations be obliged to comply with the requirements for charitable organizations under the *Income Tax Act*; and
- (g) the composition of the board of directors for the foundations be consistent with the requirements for charitable organizations registered under the *Income Tax Act*.

Requiring registered parties to receive at least 5 per cent of the national vote in the preceding federal election as a condition of receiving annual grants for foundations would make funding available to those parties that have a credible and visible presence in the legislative and electoral processes. Party foundations should be structured to assist parties in organizing the processes of parliamentary opposition and government. The foundations would provide research and advice to parties that make periodic transitions between opposition and government. In the past, parties have had difficulties in making such transitions. Parties newly elected to government often do not have experienced officials or representatives who are well briefed on the exigencies of governance and on the complexities of the policy process. Only a small number of parties would be involved in such transitions. Further, the 5 per cent threshold would mean that annual funding for party foundations would be directed to those parties that have the organizational and political resources to engage effectively in legislative representation and accommodation of conflicting interests. Since 1945, no political party has won at least 5 per cent of the national vote in a federal election without electing at least six MPs.

Some registered parties that satisfy the electoral threshold for one election and set up party foundations may in fact fall below the threshold in a subsequent election. These parties, based on their ability to nominate candidates in 50 constituencies, would still be registered parties. While these parties would retain the right to have their foundation registered and accredited by the Canada Elections Commission, the level of public support they

received would be sufficiently modest to justify disqualifying them from annual public funding. Finally, as is the case with any institutional innovation, there is no guarantee that foundations will yield the expected benefits. We propose a comprehensive review after seven years to ensure that both the parties and the foundations take the mandate of the foundations seriously.

Recommendation 1.5.17

We recommend that

- (a) a registered party that has established a foundation but does not receive 5 per cent of the national vote in the following election be permitted to continue to have its foundation accredited by the Canada Elections Commission;**
- (b) any registered party that has been de-registered have its foundation de-registered by the Canada Elections Commission; and**
- (c) public funding provisions for party foundations be reviewed after seven years by the Canada Elections Commission and that the Commission report to Parliament on the results of its review.**

The creation of party foundations supported by public funding would greatly promote and enhance activities that Canadian political parties have attempted in only a limited fashion in recent years. The institutionalization and extension of these activities would help to open new avenues for political participation, provide new opportunities for the exercise of political leadership, and ultimately strengthen the representational capacity of the parties.

THE FINANCING OF REGISTERED POLITICAL PARTIES

The Pattern of Party Financing, 1974–1990

The capacity of federal political parties to perform their roles as primary political organizations is also related to the state of their finances. Before 1974, the Liberal and Progressive Conservative parties were in most cases able to collect fairly substantial sums to run election campaigns. During non-election years, however, their spending and revenue declined dramatically. For example, the Liberal Party spent \$5.5 million on the 1974 election campaign; the Progressive Conservatives spent \$4.5 million. During calendar year 1973, however, the Liberals had spent \$407 130 and the Progressive Conservatives had spent \$900 195. The contrast was less marked in the case of the NDP, which spent only a small fraction of what the two older parties were spending on election campaigns: the NDP spent \$353 852 during the 1974 election; its regular budget in 1973 had been around \$250 000. (Paltiel 1975, 196–97)

Reviewing the overall impact of the 1974 legislation, which introduced an income tax credit for political contributions, W.T. Stanbury has stated that it "transformed the financing of federal political parties in Canada. Its most important consequence has been to provide all the main parties with vastly larger sums to spend in the years *between* elections." (1991 RC) Table 5.11 provides an overview of the revenue (contributions and other sources of income) and expenditures of the Progressive Conservative, Liberal and New Democratic parties from 1 August 1974 to the end of 1990.

Immediately after the 1974 legislation came into effect, the Liberal Party's revenue exceeded that of the Progressive Conservative Party. The latter benefited from its early move to solicit funds by direct mail, and by 1978 its revenue had risen to \$5.5 million (compared with just over \$5 million for the Liberal Party). (Seidle and Paltiel 1981, 242-43) The financing of the NDP improved considerably during the post-1974 period, and by 1978 the NDP's federally receipted revenues totalled \$3.4 million.

As Table 5.11 indicates, although revenue for these three parties increased during the period up to and including 1983, a different pattern subsequently emerged: revenue for the Progressive Conservatives and NDP continued to rise most years, but the Liberal Party was able to better its 1983 revenue in only two of the four subsequent non-election years.

A further contrast between the pre- and post-1974 periods lies in the sources of these parties' funding. Before adoption of the *Election Expenses Act*, the Liberal and Progressive Conservative parties were financed by contributions from at most a few hundred corporations, primarily to finance election campaigns. The NDP relied on union contributions and relatively small donations.

Tables 5.12, 5.13 and 5.14 report the proportion of these three parties' total contributions since 1 August 1974 by source. The NDP has consistently obtained the greatest share of federally receipted contributions from individuals: in non-election years (excluding the first five months the legislation was in effect), the proportion averaged 80 per cent; in election years, when the party usually receives a number of large union donations, the share from individuals has averaged 63 per cent.

The Progressive Conservative Party initially obtained less than half the value of its total contributions from individuals, but by 1981 donations from individuals accounted for 62 per cent of the total. Except for the 1984 election year, the proportion remained above 50 per cent until 1987, when it dropped to 47.5 per cent. In 1990, the party received 42.4 per cent of the value of its contributions from individuals.

The proportion of the Liberal Party's total contributions from individuals has been greater than 50 per cent during four of the eight non-election years since 1980. In 1989, the proportion was 37.7 per cent (lower than any non-election year since 1974). In 1990, 61.8 per cent of the total value of contributions to the Liberal Party were from individuals; however, this includes contributions to candidates and fees paid to the party by delegates who attended the June 1990 leadership convention.

Table 5.11

Revenue and expenditures of the Progressive Conservative, Liberal and New Democratic parties, 1974–1990

(thousands of dollars)

Period	Progressive Conservative Party		Liberal Party		New Democratic Party		
	Revenue	Expenditure	Revenue	Expenditure	Total revenue ^a	Federal revenue ^b	Expenditure ^c
1974	1 721 ^d	1 597 ^d	2 217 ^d	1 936 ^d	1 437 ^e	N.A.	1 270 ^e
1975	1 203 ^f	889 ^f			2 580	N.A.	2 570
1976	4 084	3 497	5 823 ^g	4 707 ^g	2 925	2 281	2 381
1977	3 774	4 233	4 587	4 187	3 525	3 006	3 105
1978	5 465	5 470	5 018	5 283	4 184	3 400	3 514
1979E	8 376	5 184	6 302	2 771	6 020	4 741	4 678
EE		3 845		3 913			2 190
R	794		718		496		
1980E	7 564	4 923	7 457	3 702	6 101	4 921	5 992
EE		4 407		3 846			3 086
R	978		910		677		
1981	6 950	7 542	5 592	5 116	6 003	3 856	6 491
1982	8 521	8 521	6 746	6 781	7 108	4 766	4 871
1983	14 767	13 199	7 736	6 277	8 669	5 972	8 009
1984E	21 979	20 777	11 598	11 999	10 513	7 357	7 407
EE		6 389		6 293			4 731
R	1 438		1 416		1 064		
1985	15 073	11 654	6 163	8 149	10 152	6 464	11 071
1986	15 639	14 141	10 719	11 166	14 639	6 984	15 188
1987	13 058	13 490	8 882	9 274	12 608	6 833	14 012
1988E	25 231	21 124	16 358	10 176	18 754	12 162	14 933
EE		7 922		6 840			7 061
R	1 782		1 539		1 589		
1989	14 521	12 824	6 397	7 115	13 865	7 746	12 507
1990	11 298	10 635	13 778	13 327	15 439	9 043	14 262

Source: Adapted from Stanbury 1991 RC, Tables 3.1 and 3.2.

E = Election year; EE = 'Election expenses' for the party; R = Reimbursement of election expenses by federal government, that is, one-half permitted spending on the electronic media for advertising in 1979 and 1980 and 22.5 per cent of total allowable expenditures in 1984 and 1988.

^aBefore 1980, the chief electoral officer did *not* include provincially receipted revenue in the NDP revenue figure. As of 1976, this revenue has been included here. After 1980, the chief electoral officer's report included as revenue provincially receipted revenue, as well as provincial rebates and subsidies.

^bFederally receipted contributions plus other income and reimbursement of party 'election expenses'.

^cTotal expenditure for the party including most of its provincial sections (does not include Ontario).

^dFrom 1 August 1974 to 31 July 1975.

^eFrom 1 August 1975 to 31 December 1975.

^fFrom 1 August 1974 to 31 December 1974.

^gFrom 1 August 1975 to 31 December 1976.

Table 5.12

Value of contributions to the Progressive Conservative Party, by source, 1974–1990
(per cent)

Year	Individuals	Business and commercial organizations	Trade unions	Other ^a
1974–75 ^b	45.84	51.83	0.0	2.33
1976	48.89	49.32	0.0	1.80
1977	49.16	48.62	0.01	2.20
1978	49.62	48.95	0.0	1.44
1979E	38.00	59.94	0.01	2.05
1980E	40.24	57.75	0.0	2.01
1981	62.15	37.03	0.0	0.82
1982	63.23	35.67	0.0	1.10
1983	64.54	34.16	0.0	1.29
1984E	47.96	52.04	0.0	0.0
1985	54.05	45.95	0.0	0.0
1986	51.88	48.10	0.01	0.0
1987	47.53	52.47	0.0	0.0
1988E	41.49	58.51	0.01	0.0
1989	49.63	50.30	0.01	0.06
1990	42.42	57.48	0.0	0.09

Source: Calculated from data reported in Stanbury 1991 RC, Table 4.1 and fiscal period returns for 1990.

E = Election year

^aIncludes other organizations and governments.

^b1974–75 figures combine 1 August 1974 to 31 July 1975 and 1 August 1975 to 31 December 1975.

While year-to-year comparisons are useful, a better index of the parties' ongoing financial health is their accumulated surplus or deficit. Stanbury's analysis is reported in Table 5.15. During the 1980–1990 period, the Liberal Party ran an accumulated deficit of \$4.77 million, while the Progressive Conservatives had an accumulated surplus of \$1.25 million. The NDP as a whole ran an accumulated deficit of \$2.44 million during the 1980–1990 period. This contrasts with the period between the coming into force of the election expenses legislation and the end of 1979, when all three parties ran a surplus. On this basis, there is room to question how successful one if not two of the largest parties have been in meeting the spending pressures they have faced in recent years – pressures that are particularly strong in the context of running competitive election campaigns. (The Liberal Party's deficit is rooted in the 1984 campaign, when it spent almost \$6 million, virtually half its total revenue, including the post-election reimbursement for that year.)

Table 5.13

Value of contributions to the Liberal Party, by source, 1974-1990
(per cent)

Year	Individuals	Business and commercial organizations	Trade unions	Other ^a
1974-75 ^b	51.40	46.22	0.03	2.35
1975-76 ^c	52.79	45.98	0.01	1.22
1977	44.84	51.80	0.03	3.33
1978	43.97	52.05	0.01	3.97
1979E	22.69	74.24	0.03	3.04
1980E	36.63	60.00	0.03	3.34
1981	41.24	53.10	0.03	5.63
1982	52.34	41.31	0.04	6.30
1983	44.78	48.63	0.04	6.55
1984E	49.09	50.60	0.02	0.28
1985	56.17	43.66	0.02	0.15
1986	54.18	45.63	0.05	0.14
1987	39.31	60.50	0.10	0.09
1988E	35.94	63.96	0.04	0.06
1989	37.72	62.16	0.05	0.07
1990	61.81	37.94	0.03	0.22

Source: Calculated from data reported in Stanbury 1991 RC, Table 5.1 and fiscal period returns for 1990.

E = Election year

^aIncludes other organizations and governments.

^bFrom 1 August 1974 to 31 July 1975.

^cFrom 1 August 1975 to 31 December 1976.

The financing of candidates' campaigns reveals a different situation. Following the 1984 general election, the combined surplus of all candidates was more than \$8 million. (Canada, Chief Electoral Officer 1989, 47) The comparable figure for the 1988 election was \$9.6 million. (Canada, Chief Electoral Officer 1991, 10) The Liberal Party has been able to benefit somewhat from the healthy state of most candidates' election finances. Since the 1979 election, the party has regularly 'taxed' a proportion of candidates' reimbursements. Following the 1988 election, the party collected \$2.27 million by obliging the majority of its candidates to pass on 50 per cent of their reimbursements to the federal party. (Stanbury 1991 RC) In 1988, the British Columbia section of the NDP required all candidates in the province to remit 100 per cent of their reimbursements to help meet its quota for the federal party. Candidates submitted a total of \$558 127. (Stanbury 1991 RC) Party representatives indicate that through various other arrangements, candidates have shared some of the funds received through reimbursements.

Table 5.14

Value of contributions to the New Democratic Party, by source, 1974–1990
(per cent)

Year	Individuals	Business and commercial organizations	Trade unions	Other ^a
1974 ^b	89.47	0.99	9.30	0.24
1975	80.14	5.56	14.20	0.09
1976	80.33	4.17	15.33	0.16
1977	77.23	6.64	15.25	0.88
1978	78.32	6.34	15.04	0.29
1979E	55.36	3.85	38.47	2.31
1980E	60.64	2.08	36.65	0.63
1981	81.15	3.09	14.57	1.19
1982	83.20	3.18	10.43	3.19
1983	86.99	0.72	11.08	1.21
1984E	63.45	0.79	32.96	2.79
1985	81.71	1.04	15.40	1.85
1986	77.89	2.75	18.14	1.23
1987	77.05	0.76	21.67	0.51
1988E	71.46	2.39	24.76	1.39
1989	83.12	0.75	13.99	2.14
1990	72.60	1.70	14.08	11.62

Source: Calculated from data reported in Stanbury 1991 RC, Table 6.3 and fiscal period returns for 1990.

E = Election Year

^aIncludes other organizations and governments.

^bFrom 1 August 1974 to 31 December 1974.

Table 5.15

Accumulated surplus (or deficit) of the three largest federal parties, 1974–78, 1979, 1980–84, 1985–1990
(thousands of dollars)^a

Party	1974–78	1979	1980–84	1985–1990
Progressive Conservative	561	241	(3 560)	4 811
Liberal	1 505	336	(2 558)	(2 211)
New Democratic ^b	1 811	(350)	(453)	(1 988)

Source: Adapted from Stanbury 1991 RC.

^aNominal dollars.

^bNew Democratic Party as a whole as reported to the CEO after a few minor adjustments.

Another perspective on the state of the national parties' finances can be gained by examining the number and average size of individual contributions. Table 5.16 indicates that excluding election years, the number of individuals donating to the three largest parties has declined in recent years. For the Progressive Conservative Party, the peak was in 1983, when a leadership convention was held, with 99 264 contributions from individuals. (The number for 1990 – 27 702 – was less than one-third that number.) Except for 1990, when the party held a leadership convention, the largest number of individuals contributing to the Liberal Party was in 1986 – 35 369; in 1989, the number was 19 970. The number of individual contributions to the NDP

Table 5.16

Number and average size of contributions by individuals to the Progressive Conservative, Liberal and New Democratic parties, 1974–1990^a

Year	Progressive Conservative Party ^b		Liberal Party ^c		New Democratic Party	
	Number	Average (\$)	Number	Average (\$)	Number	Average (\$)
1974 (5 mos)	6 423	284	4 117	321	27 910	132
1975	10 341	253	13 373	292	58 889	90
1976	23 409	197	18 261	274	56 142	77
1977	20 339	192	21 063	209	60 169	82
1978	35 615	153	22 350	192	67 133	78
1979E	34 952	170	13 025	170	63 655	80
1980E	32 720	167	17 670	240	62 428	88
1981	48 125	136	24 735	128	56 545	77
1982	52 694	134	27 968	156	66 665	58
1983	99 264	119	33 649	125	65 624	98
1984E	93 199	135	29 056	220	80 027	64
1985	75 117	125	28 545	131	97 364	56
1986	52 786	170	35 369	186	90 487	64
1987	39 320	168	28 972	131	87 927	59
1988E	53 893	199	30 642	163	118 390	69
1989	40 191	170	19 970	119	89 290	67
1990	27 702	161	36 361	196	116 448	50

Source: Adapted from Stanbury 1991 RC, tables 8.2 and 8.3.

E = Election year

^aIn 1989 dollars. The table does not include contributions by individuals to *candidates* in election years.

^bThe original figures for the Progressive Conservative Party were for 1 August 1974 to 31 July 1975 and 1 August 1975 to 31 December 1975. They were recomputed on a pro rata basis to fit the calendar years.

^cThe original figures for the Liberal Party were for 1 August 1974 to 31 July 1975 and 1 August 1975 to 31 December 1976. They were recomputed on a pro rata basis to fit the calendar years.

in non-election years was the greatest in 1990 – 116 448. The number of donations from individuals to other registered parties was much higher in 1989 – 17 232 – than in any other year since the 1974 legislation came into effect; in 1990, that number rose to 37 837. The number of contributions to the Reform Party from individuals was 7630 in 1989 (its first full year as a registered party) and 23 462 in 1990. The Christian Heritage Party received 7541 contributions from individuals in 1989 and 9226 in 1990. Further details on the financing of parties other than the Progressive Conservative, Liberal and New Democratic parties in 1990 are found in Table 5.17.

As indicated in Table 5.18, the number of individual contributions to candidates has increased at each election since 1979. Table 5.18 also shows that, when adjusted for inflation, the average size of donations from individuals in recent non-election years has been considerably smaller than during the initial period after the legislation came into effect.

Although the number of individuals making political contributions to federal parties and candidates rose after 1974 (and has certainly been much higher than before adoption of the *Election Expenses Act*), the proportion of Canadians who participate in this way is low. In both the 1984 and 1988 election years, less than 2 per cent of Canadians made a political contribution to a party or candidate, and the rate was no higher in any other year since 1974. (Stanbury 1991 RC) Thus, while the base of federal party finance has broadened, only a small fraction of Canadians financially support the federal political process.

Table 5.17
Other registered parties: financial activities, 1990

Party	Revenue (\$)	Expenses (\$)	Number of contributions (N)	Average contribution (\$)
Christian Heritage Party	497 956	376 665	9 268	54
Party for Commonwealth of Canada	350 038	406 402	431	108
Communist Party	487 805	471 994	710	465
Confederation of Regions Western Party	159 841	196 057	2 962	54
Green Party	52 928	56 337	389	136
Libertarian Party	57 152	57 530	476	120
Reform Party	2 213 762	1 721 468	23 736	93
Parti Rhinocéros	400	230	2	200
Social Credit Party	22 853	15 466	212	108

Source: Adapted from Canada, Elections Canada 1990.

Note: Total revenue for the Communist, Confederation of Regions Western and Commonwealth of Canada parties consists of total contributions and other revenue, while the other parties listed contributions as their sole source of revenue.

Table 5.18
Number of contributions from individuals to parties and candidates, 1974–1990

Year	PC, Liberal and NDP	Other parties	All parties	All candidates	Total
1974 (5 mos)	34 703	7 796 ^a	42 499		42 499
1975	82 603	2 007 ^b	84 610		84 610
1976	97 812	11 432	109 244		109 244
1977	101 571	2 754	104 325		104 325
1978	125 098	5 040	130 138		130 138
1979E	111 632	7 701	119 333	67 323	186 656
1980E	112 908	3 865	116 773	70 528	187 301
1981	129 405	1 600	131 005		131 005
1982	147 327	1 538	148 865		148 865
1983	198 537	6 556	205 093		205 093
1984E	202 282	8 700	210 982	87 456	298 438
1985	201 026	1 622	202 648		202 648
1986	178 642	2 442	181 084		181 084
1987	156 219	2 603	158 822		158 822
1988E	202 925	5 410	208 335	104 807	313 142
1989	149 451	17 232 ^c	166 683		166 683
1990	180 511	37 837 ^d	218 348		218 348

Source: Stanbury 1991 RC, Table 8.1.

E = Election year.

^aFrom 1 August 1974 to 31 July 1975.

^bFrom 1 August 1975 to 31 December 1975.

^cIncludes 7 541 for the Christian Heritage Party (22 October 1988 to 31 December 1989) and 7 630 for the Reform Party. The total number of contributions from individuals to the Confederation of Regions Western Party was not disclosed; the number included here, 265, is based on those contributing \$100 or more and so is understated.

^dIncludes 23 462 contributions to the Reform Party and 9 226 to the Christian Heritage Party.

Public Funding and the Political Contribution Tax Credit

As indicated in Table 5.19, seven provinces provide direct public funding to parties and/or candidates. All provide election reimbursements to candidates, three provide election reimbursements to parties, and three fund political parties through annual allowances. Reimbursements for federal registered parties and candidates are discussed in Chapter 6 of this volume. All provinces except Saskatchewan and Newfoundland provide indirect public funding through a provincial tax credit for political contributions.

The total and per-voter cost of public funding at the federal and provincial levels is presented in Table 5.20. At the federal level, the cost per voter (\$1.03 a year in 1989 dollars) is higher than in four provinces, but is

considerably lower than in the three maritime provinces and Manitoba, and somewhat below the cost in Ontario (\$1.29) and British Columbia (\$1.20).

Table 5.19
Public funding programs of political parties and candidates in Canada

Jurisdictions	Candidates: election reimbursements	Parties: election reimbursements	Parties: annual funding	Tax credits
Canada	X	X		X
British Columbia				X
Alberta				X
Saskatchewan	X	X		
Manitoba	X	X		X
Ontario	X	X		X
Quebec	X		X	X
Nova Scotia	X			X
New Brunswick	X		X	X
Prince Edward Island	X		X	X
Newfoundland				

Source: Constantinou 1991 RC, tables 6.1, 6.3 and 6.5–6.8.

Table 5.20
Public funding of political parties and candidates in Canada: cost
(1989 dollars)

Jurisdictions	Total	Total cost per voter per year
Prince Edward Island	682 038	2.55
New Brunswick	6 195 949	2.47
Manitoba	3 031 310	2.08
Nova Scotia	3 541 638	1.42
Ontario	10 747 033	1.29
British Columbia	2 126 069	1.20
Canada	72 662 758	1.03
Saskatchewan	2 406 893	0.90
Quebec	14 125 769	0.76
Alberta	1 393 351	0.47
Newfoundland	None	None

Source: Constantinou 1991 RC, Table 6.12.

Note: Cost is calculated based on most recent election cycle for which complete data were available.

The political contribution tax credit is an incentive to donors rather than a direct grant of public monies. Therefore, it is also essential to measure its costs to the public treasury to assess the behaviour of contributors and to determine how, and if, any modifications should be enacted to improve its effect on the finances of registered parties.

Table 5.21 reports the number and cost of federal tax credits claimed since 1974. The data indicate that, for the most part, the number of individuals claiming tax credits and the cost of those credits (in foregone revenue) have risen in successive non-election years. Between 1975 (the first full year when the tax credit was in effect) and 1978, the number of individuals claiming the credit nearly doubled (64 547 individuals claimed the credit in the latter year). The number and amount of credits claimed peaked in 1986, when 117 566 individual taxpayers claimed credits worth \$9.93 million; including credits claimed by corporations, the total was \$10.77 million. In 1987, the number of individuals claiming credits dropped to 102 824 and the total amount to \$8.47 million. Based on preliminary statistics, the number of individuals claiming the credit rose somewhat in 1989, to 108 740, as did the total cost (\$10.21 million).

A similar pattern has developed in election years: The number of individuals claiming the credit has risen at each election, and the number claiming the credit in 1988 (184 410) was nearly double the number in 1979 (92 353). The total cost of credits claimed rose from \$7.63 million in 1979 to \$18.85 million in 1988.

The tax credit has been successful in broadening the base of party finance, but the number of individuals making political contributions dropped in the late 1980s, and even at the peak, it represented only a small fraction of Canadians. This implies that the tax credit may not be as strong an incentive as some have suggested. In fact, as Table 5.22 indicates, a significant proportion of individuals do not claim the tax credit for their political contributions, although the percentage of those who do has risen in recent years. Until 1980, less than 50 per cent of those making contributions claimed the credit. The claim rate subsequently rose, and in 1986, 1987 and 1989 almost two-thirds of those who made contributions claimed the credit. The 1989 claim rate (based on preliminary statistics) was the highest since the tax credit was initiated.

Indirect public funding through the tax credit represents a significant share of federal party finances: the value of tax credits claimed was equal to 29 per cent of the parties' total revenue during the 1985–88 cycle and 30.7 per cent of their total revenue during the 1981–84 cycle. (Michaud and Laferrière 1991 RC)

During our public hearings there were comments that the political contribution tax credit is more generous than the tax credit for donations to charitable organizations. This is true only for political contributions up to \$1150; at that point, the tax credit for charitable donations provides greater benefit to the taxpayer. If the scale for the charitable donation credit

were applied to political contributions, the result would be a greater tax benefit (and increased cost to the treasury) for larger contributions, many of which come from corporations, and less benefit for smaller contributions, most of which come from individuals. This would not be desirable.

Table 5.21
Federal income tax credits for political contributions, 1974–1989

Year	Individuals (N)	Tax credits: individuals (\$)	Corporations (N)	Tax credits: corporations (\$)	Tax credits: totals (\$)
1974	19 584	1 273 000	N.A.	N.A.	1 273 000
1975	36 227	2 394 000	N.A.	N.A.	2 394 000
1976	48 313	2 800 000	N.A.	465 000	3 265 000
1977	48 027	3 114 000	N.A.	500 000	3 614 000
1978	64 547	3 973 000	N.A.	634 000	4 607 000
1979	92 353	6 111 000	N.A.	1 233 000	7 344 000
1980	95 547	6 378 000	N.A.	1 247 000	7 625 000
1981	77 114	4 910 000	N.A.	538 000	5 448 000
1982	85 941	6 268 000	3 507	567 000	6 835 000
1983	104 599	8 237 000	4 178	762 000	8 999 000
1984	151 308	13 588 000	7 561	1 595 000	15 183 000
1985	109 310	8 624 000	5 995	1 254 000	9 878 000
1986	117 566	9 934 000	3 979	836 000	10 770 000
1987	102 824	7 660 000	3 647	808 000	8 468 000
1988	184 410	17 515 000	5 471	1 333 000	18 848 000
1989	108 740	8 874 000	5 744	1 333 000*	10 207 000
Total	1 446 410	111 653 000	40 082	13 105 000	124 758 000

Source: Data provided by Revenue Canada, Taxation.

N.A. = Data not available.

*Preliminary statistics.

A number of interveners called for changes in the federal political contribution tax credit to provide a greater benefit to taxpayers making such contributions. They pointed out that the scale of the tax credit has not been adjusted since it was adopted in 1974, and that its value to the taxpayer has declined as a result of inflation. Some claimed the present cut-off of \$100 discourages contributions greater than that amount, and proposed that the cut-off be raised. Other interveners suggested simplifying the scale while increasing the total allowable credit.

Table 5.22

Number of individuals making political contributions and number claiming the federal income tax credit for political contributions, 1974–1989

Year	Number of individual donors to parties and candidates	Number of individuals claiming tax credits	Number claiming tax credit as a percentage of total donors	Average individual credit*
1974	42 499	19 584	46.1	65
1975	84 610	36 227	42.8	66
1976	109 244	48 313	44.2	58
1977	104 325	48 027	46.0	65
1978	130 138	64 547	49.6	60
1979E	186 656	92 353	49.6	66
1980E	187 301	95 547	51.0	67
1981	131 005	77 114	58.9	64
1982	148 865	85 941	57.7	73
1983	205 093	104 599	51.0	79
1984E	298 438	151 308	50.7	90
1985	202 648	109 310	53.9	79
1986	181 084	117 566	64.9	85
1987	158 822	102 824	64.7	75
1988E	313 142	184 410	58.9	95
1989	166 683	108 740	65.2	82

Source: Stanbury 1991 RC, Table 8.4; 1989 tax credit statistics provided by Revenue Canada, Taxation.

E = Election year

*Nominal dollars.

In research for the Commission, Michaud and Laferrière examined the possible impact of raising the cut-off to \$125 for the 75 per cent rate. The researchers estimated that, at the very least, the average donation would increase from \$118 to \$123 and the claim rate for the tax credit would rise from 59 to 61 per cent. At the most, the average donation would rise to \$132 and the claim rate to 65 per cent. According to their projections, the cost of the tax credit in 1988 would have increased to \$21.7 million under the first scenario, and to \$24.8 million under the second. This would represent increases of 15 and 31 per cent respectively over the actual cost of the tax credit that year, whereas revenues to parties would have risen by a mere 7 per cent. This research illustrates that the cost to the treasury of the tax credit is sensitive to changes in the rules: even a modest increase can be expected to lead to a considerably greater cost to the public treasury.

Quebec and Ontario changed the scale of their tax credits several years after they were introduced. Quebec increased the maximum credit from \$75 to \$140, effective 21 December 1983 (compared with \$500 at the federal level); the maximum for Ontario's tax credit was increased from \$500 to \$750 effective 1 January 1986. Total contributions to the Parti libéral du Québec and the Parti québécois rose from \$4.3 million in 1983 to \$6.4 million in 1984 (the latter was a pre-election year, which may account for some of the increase). In Ontario, contributions to the three largest provincial parties in 1986 totalled \$6.3 million, which was considerably lower than in 1984, the previous pre-election year, when the corresponding total was \$12.6 million. (Constantinou 1991 RC)

The decline in political contributions from individuals in recent years and the variable claim rate for the tax credit lead us to ask whether the incentive provided by the credit is as strong as has sometimes been thought. Our research indicates that any change in the scale would cost significantly more to the public treasury than the amount of additional revenues that would accrue to parties. Hence, the cost-benefit analysis does not support a change. Moreover, Quebec is the province where contributions from individuals are the most numerous in relative terms; yet, it is the province with by far the least generous tax credit. Finally, Ontario's experience of a change in the scale of the tax credit did not lead to more or higher contributions. Clearly, from a public finance policy point of view, it is difficult to justify a more generous tax credit. If there is to be additional public funding of political parties, we are more inclined to support measures that give the parties greater assurance that they will receive adequate funding for activities that would strengthen them as primary political organizations.

Recommendation 1.5.18

We recommend that the scale of the federal political contribution tax credit not be changed.

A further issue concerns the use of the federal political contribution tax credit. Two questions must be addressed: (1) Which contributions should qualify for federal income tax receipts? (2) What activities ought to benefit from federally receipted funds?

We have concluded that registered parties should be allowed to issue tax receipts for contributions to leadership campaigns, and that those seeking nomination as candidates should have the same right in relation to contributions to their campaigns. In both cases, we propose that there be spending limits and that candidates be obliged to disclose the sources of contributions over \$250 (the threshold we recommend for all political contributions in Chapter 7 of this volume).

Some political parties have been issuing tax credit receipts for delegate fees to party conventions. This may not have been anticipated when the 1974 legislation was adopted. The *Income Tax Act* refers to "an amount

contributed" by a taxpayer to a registered party or officially nominated candidate, but does not specify the nature of contribution. This being said, attendance at party conventions is a form of political participation that should be encouraged. Giving a tax receipt for delegate fees may lower barriers to participation for party members, and in turn encourage a wider range of members to be active. This could help to strengthen political parties as primary political organizations. We therefore conclude that parties should continue to be permitted to issue tax receipts for convention fees, and that the *Income Tax Act* need not be amended in this regard.

As noted earlier, in certain cases national party funds, including contributions for which federal income tax credits are issued, are being used to finance political activity at the provincial and possibly the municipal levels. We recognize that this issue is related to party structure. According to W.T. Stanbury, "several millions of dollars each year raised by the NDP using the federal income tax credit for political contributions [are] spent on provincial political activities". (1991 RC, chapter 13)

The *Income Tax Act* is silent about the legitimate uses of contributions to federal parties for which tax credits have been issued, but it does not disallow intra-party transfers of funds that have benefited from the federal tax credit. Provincial party organizations can issue receipts to enable contributors to claim provincial tax credits in eight provinces, which is the proper course. Moreover, political finance legislation in a number of provinces (Ontario, Quebec, New Brunswick and Alberta) disallows transfers to parties outside the province (in some cases, with minor exceptions during elections), thus preventing provincially receipted funds from being used for federal political activities. In Saskatchewan and Newfoundland, the two provinces that do not have such a tax credit, relying on the federal tax credit to fund provincial parties raises serious questions. We acknowledge that party structures may differ significantly, but it is not acceptable for a federal tax incentive to be used to assist provincial or municipal political activities unless this is specifically determined by Parliament.

Recommendation 1.5.19

We recommend that the *Income Tax Act* be amended to specify that receipts allowing taxpayers to claim the political contribution tax credit be issued only for contributions intended to support the activities of a federally registered party, including its registered constituency associations, a candidate during a federal election or a person seeking the nomination as the candidate of a federally registered constituency association or the leadership of a federally registered party.

NOTES

1. The relationship between the press and political parties was not hard and fast, nor were individual newspapers always unwavering in their support. *La Presse* in Montreal, for example, initially radical Liberal in orientation, favoured the Conservatives from 1887 to 1896, then moved to the Liberal camp. The *Globe* in Toronto, while primarily a Liberal party organ, did not always toe the party line. (Rutherford 1982)
2. These two small parties, in attracting 9 per cent of the vote, effectively contributed to the defeat of the Conservatives. After 1896 no candidates from smaller parties or independent candidates were elected until 1921, except for a single candidate in 1908, and voting support for such candidates remained at between 1 and 2 per cent.
3. H.H. Stevens was Minister of Trade and Commerce in the 1930–35 Conservative government before splitting with Prime Minister R.B. Bennett over economic policy.
4. The data in the following tables are taken from the Survey of Attitudes about Electoral Reform, which was conducted at the Institute for Social Research at York University. The survey was conducted under the direction of André Blais and Elizabeth Gidengil and was based on about 2950 30-minute interviews of a random sample of Canadians between 13 September and 4 November 1991. The questionnaire included about 130 items on the electoral process. For details, see Blais and Gidengil (1991 RC).
5. In Quebec, payments are determined as follows: the total amount of funding each year is equal to \$0.25 multiplied by the number of voters at the last general election; each party receives a payment in proportion to its share of the popular vote at that election. During the 1986–89 period, total payments were \$4.5 million.
6. In New Brunswick, during the 1983–87 period, payments totalled \$3 365 361. At \$1.59 per voter per year, New Brunswick's program is the most generous of the three provinces with annual funding.
7. In Prince Edward Island, grants are determined by multiplying an amount (not to exceed \$1.00) determined by the cabinet (after consultation with the leader of the opposition) by the number of votes the party received at the last general election. During the 1986–89 period, payments totalled \$257 847 (\$1.04 per voter per year) (all data in Notes 5, 6 and 7 from Constantinou 1991 RC).

APPENDIX: APPLICATION REQUIREMENTS FOR REGISTRATION OF CONSTITUENCY ASSOCIATIONS

Accounting Profession Working Group

Proposed registration of constituency associations of registered parties.
Application requires:

- a letter of endorsement from the chief agent of the registered party;
- the name of the constituency association and the registered party that endorses it;
- the names of the principal officers;
- the name and address of the constituency agent and auditor;
- the address where accounting records are kept;
- the name and address of the financial institutions where accounts are kept;
- the names of signing officers for each account;
- a statement of assets, liabilities and surplus of the constituency association; and
- a written statement from the constituency agent and auditor stating that each agrees to act.

Ontario

Provides for registration of constituency associations of registered parties (if not registered, associations cannot accept contributions). Application requires:

- the name of the association and of the registered party endorsing it;
- the address(es) where records are kept and where communications are to be sent;
- the names of principal officers, the chief financial officer, all persons authorized to accept contributions and signing officers;
- the name and address of all financial institutions where accounts are kept; and
- a statement of assets and liabilities as of not earlier than 90 days before application.

Quebec

"Party authorities" (may be at level of constituency, region or province as a whole) registered on application of authorized party's leader. Application requires:

- the name and address of the party authority;
- the address where books and accounts are kept; and
- the name, address and telephone number of the "official representative" of the party authority.

Alberta

Associations of registered parties and of independent Members of the Legislative Assembly may register (if not registered, associations cannot accept contributions). Application requires:

- the name of the association and of the registered party or independent member endorsing the association;
- the address(es) where records are kept and where communications are to be sent;
- the names of principal officers, the chief financial officer and signing officers;
- the name and address of all financial institutions where accounts are kept; and
- a statement of assets and liabilities as of not earlier than 90 days before application.

New Brunswick

District associations of registered parties may register (if not registered, associations cannot accept contributions). Application, to be signed by party leader, requires:

- the name of the association;
- the names and addresses of officers; and
- the address(es) to which communications are to be sent and where books and accounts are kept.

British Columbia

There are no provisions for the registration of political parties or constituency associations under the *Election Act*. Pursuant to section 8.1 (1) of the *British Columbia Income Tax Act*, a “‘recognized political party’ means a bona fide affiliation of electors comprised in a political organization that has as a prime purpose the fielding of candidates for election to the Legislative Assembly”.

Under the Political Contributions Program, constituency associations of recognized political parties wishing to issue political contribution tax credit receipts are required to apply in writing to the Commissioner of Income Tax, Income Taxation Branch, Revenue Division of the Ministry of Finance and Corporate Relations. Under guidelines issued by the ministry, associations “must register individuals authorized to issue receipts on their behalf with the Commissioner of Income Tax”. (British Columbia, Elections BC 1991)