Foreword

Understanding and addressing the role of money and its influence in politics can no longer be a taboo subject. When public policy making is captured by private interests, the “rules of the game” for markets and opportunities may be bent to favour the few and violate the interest of the many. The consequences include the erosion of democratic governance, social cohesion, and equal opportunities for all, as well as the decline of trust in democracy itself. The laborious recovery from the financial crisis, together with the widening income gaps between rich and poor, heighten the risk of policy capture while testing the ability of governments to develop and deliver policies and programmes that benefit all citizens.

It is not enough to put in place policies to promote growth. Governments are expected to ensure that the benefits of such growth are shared more evenly across society. The design and implementation of structural reforms to create conditions for economic recovery and sustain inclusive growth require a high-quality policy-making process that citizens can trust.

This report takes a comparative approach to examining how the funding of political parties and election campaigns has evolved, and how political finance regulations across OECD member and partner countries have been established. In particular, the report assesses the risks of policy capture through the funding of political parties and electoral campaigns, identifies regulatory loopholes and implementation gaps in existing policies, and suggests a comprehensive approach to integrity, including issues such as lobbying and conflict of interest. One clear-cut lesson from this study is that ensuring the effective implementation of political finance regulations still remains challenging in many countries.

The Framework on Financing Democracy presented in this report is intended to shape the global debate on risks and policy options, and provides tangible advice for the funding of political parties and electoral campaigns. Efficient oversight and auditing, meaningful sanctions, greater transparency and public scrutiny play a major role in averting policy capture. In this regard, independent electoral management bodies are becoming increasingly important. Such bodies currently exist in less than one-third of OECD countries, and there is no one-size-fits-all model. But whatever the structure, the institutions responsible for enforcing political finance regulations should have a clear mandate, legal power and the capacity to conduct effective oversight and impose sanctions.
This report is part of the policy toolkit being developed by the OECD Public Governance Committee and contributes to the OECD agenda on inclusive growth and trust. In democracies, public policy should never be for sale to the highest bidder. Better policy making is a shared responsibility of governments, businesses and citizens. The OECD brings together a wide range of stakeholders to make financing democracy a subject of evidence, data, and good practices across countries.

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