
Political finance and inequality in New Zealand

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Abstract

We live in a very unequal society, but are inequalities of political party funding a major influence on this? Moreover, does ‘money buy elections’? The answers to these questions have important implications for the state’s regulation of political activity. This article evaluates different sources of political party funding, its influence on New Zealand parliamentary politics, and cautions against taking for granted some of the common understandings of political finance in New Zealand. While business interests have been able to exert an incredibly strong influence over politics during the last 25 years, this leverage is better understood by a structural analysis of economic power than by arguments about the direct influence of the wealthy over political parties. The political power of wealth does not exert itself effectively via the direct purchase of political influence in the party system, but by the structural role of business in the national economy. To the extent that money is directly important in the party system, it is actually backdoor parliamentary state funding that is having the most influence on political configurations.

Introduction

Recently there has been widespread concern as to the fairness of political competition in New Zealand and the party system’s relationship to the uneven distribution of wealth in society. A debate about political finance reform has led to the introduction of the highly controversial Electoral Finance Act in January 2008. Unfortunately, little academic study has been undertaken on political finance in New Zealand, and therefore much of this crucial debate has occurred without much real understanding of how New Zealand political parties obtain and use their financial resources. According to Austin Mitchell, writing in 1962, this lack of research is due to the parties having ‘an obsessive concern with shrouding their finances in secrecy’ (Mitchell, 1962, p.77). Forty years later Jack Vowles again pointed this out in stating that, ‘The study of party finance in New Zealand has been practically non-existent, because parties do not release data for public scrutiny’ (Vowles, 2002, p.420).

Over recent decades the use of financial resources by political parties has changed dramatically. Most significantly, there has been a reduction in the traditional class pattern of donor-party relations, and the introduction of a highly generous and problematic ‘backdoor’ system of parliamentary funding for parties.

Traditionally, parties have been kept viable through a mixture of funding from party members and the business community or trade unions, and these patterns of funding have been seen as indicative of where political influence lay. Labour received money from trade unions, National received money from companies and wealthy individuals. This concept no longer

accurately portrays the sources of political finance in New Zealand. The Labour Party is no longer reliant on trade unions and party members for its financial resources, just as the National Party no longer has a near-monopoly on business funding. Now, the contributions from individual businesspeople and especially the state play a much greater part in sustaining political party activities. This shift reinforces the party elite's decreasing reliance on volunteer activity. Since the 1980s party membership numbers have been decimated – Labour has dropped from 100,000 in the mid-1980s to about 10,000, and National has gone from a high of 250,000 down to as little as 20,000. The minor parties are also not able to sustain large memberships.

Societal and interest group contributions

Societal and interest groups often provide financial resources to the political parties that they are in some way aligned with. Business interests have traditionally played a substantial role in resourcing political parties, especially those of the right. In New Zealand there has been a definite breakdown in the classic donation patterns, and the class-bias in favour of the National Party has become much less pronounced, if not reversed.

The traditional patterns of business donations have been interrupted by the changing ideological nature of the party system, and for the last 20 years the Labour Party has received similar business funding to National. Most infamously, in 1987 the Labour Party's election campaign cost over \$3.5m, which was mostly funded by business donations. Since then, Labour has often been the most well resourced party. In the 2002 general election Labour spent \$2,089,187 (including \$614,722 of taxpayer television funding), making it the biggest election spender. Again in 2005, Labour outspent its competitors – according to the Electoral Commission, the party's total advertising spend amounted to \$3,894,384 (including \$1,100,000 of Electoral Commission TV advertising). Furthermore, in the twelve-year period (1996-2007) during which it has been mandatory to disclose national donations over \$10,000 to the Electoral Commission, the Labour Party has declared donations totalling \$5,543,009. By comparison, in the same period, National has declared \$5,277,290. In 7 out of those 12 years, Labour declared higher amounts than National.

More significantly, the broader trend is for businesses to donate to several parties across the party system rather than just to the parties of the traditional right. This is something that presidents of both National and Labour agreed upon in 2002. National's Michelle Boag stated, 'It's clear to me that organisations of a business nature... certainly tend to donate right across the political spectrum. That is my experience' (quoted in Revington, 2002, p.34). Her Labour

counterpart, Mike Williams, declared, 'I think almost all of the people who make anonymous donations directly, probably make equal donations to both major parties' (ibid). Likewise, in a 1999 interview, the general secretary of the Labour Party, Rob Allen, stated that '90 percent of the corporates that give to politics give in an even-handed fashion as corporate citizens... And 5-10 percent, not even 10 percent, probably 2-5 percent choose to give hugely to one side of politics' (Allen, 1999). Some view such even-handedness as an indication of fairness or 'public service' (Mulgan, 1997, p.254). There are also alternative explanations which are not related to the perceived altruism of business, but to the idea that business interests recognise the old models of politics have broken down. In this situation businesses opportunistically vary their contributions according to electoral circumstances, giving more to National and Act when these parties have a high probability of winning power, and to Labour and the left parties when National's chances are low.

Despite widespread ideas that business donations play a central role in funding politics in New Zealand, there is evidence that their contributions are of decreasing importance. Generally in the 1990s, corporate funding of political parties appears to have decreased. Both National and Labour have reported less interest from big business in making donations. Labour's Rob Allen complained that 'the corporate sector has not in any way played a part in elections in the way that they used to' (Allen, 1999).

Likewise, British political finance specialist Michael Pinto-Duschinsky has illustrated this trend by pointing out that in Britain, 'The proportion of Conservative central income derived from corporations declined from about three-fifths in the 1970s to one quarter in the early 1990s' (Pinto-Duschinsky, 1998). This decline in business donations is mirrored by a worldwide trend related to the decline in the saliency of class cleavages in politics. Business does not act in the same collective fashion that it was once more inclined to. The industry associations that have in the past played an overtly political role now intervene in politics on a more pragmatic basis, often donating to parties with influence instead of the parties that they might be more traditionally or ideologically aligned with.

It is difficult to ascertain the exact levels of business donations to the New Zealand parties. Both party and donor usually try to keep their transactions secret. However, the Electoral Commission's donation figures give some indication of the level of business support, as most donations over \$10,000 tend to be from businesses and businesspeople. In the twelve-year period since disclosures of party donations began, donations over \$10,000 have amounted to \$14,210,305 (see Table 1).

Table 1: Total Donations Declared

Year	Total Donations
1996*	\$989,152
1997	\$466,596
1998	\$309,355
1999*	\$3,649,572
2000	\$189,436
2001	\$365,597
2002*	\$1,558,951
2003	\$156,657
2004	\$916,466
2005*	\$3,170,977
2006	\$435,954
2007	\$2,001,592
Total	\$14,210,305

Note: Election years are marked with an asterisk.

(Source: Electoral Commission, 2008)

These figures – averaging little more than \$1m per year – are not extravagant. Even in election year, they suggest an average of only about \$2m is given. In contrast, the Electoral Commission alone allocates over \$2m dollars to political parties at each election, and as detailed later, parliamentary party funding of over \$40m per year greatly overshadows all such contributions. The relatively low level of donations suggest the idea that political parties are surviving only on the largesse of corporations might be something of a myth, and such donations are generally becoming less the ‘life-blood’ of the party system, as other forms of funding become much more important.

For the Labour Party, the affiliation fees from the trade union movement have become even more insignificant. Previously the size of donations from individual trade unions was considerable – according to Leslie Lipson, writing in the 1940s, union contributions to Labour at that time were ‘the largest, the most regular, and the most dependable item in the party revenues’ (Lipson, 1948, p.248). Even in the mid-1980s the party received about \$190,000 a year from its affiliated union membership, and the Labour’s 1984 election campaign was largely financed from this source. Yet by the time it next came into government in 1999 the party’s union funding was only a fraction of this amount. As early as 1990 the trade union contribution had dropped to \$141,172, then to \$125,712 in 1991, and then down significantly to \$51,025 in 1993 (Edwards, 1994). Even the EPMU – the largest union affiliated to Labour – now only contributes \$25,000 per year, except in election years when it donates more (about \$80,000 in recent election years) and sometimes runs parallel advertising campaigns that

implicitly favour Labour. However, when the general secretary of the Labour Party, Rob Allen, was asked in 1999 about the degree of dependence the party has on union funding, he replied that the party was ‘Virtually not dependent at all. The income from unions is a very tiny, tiny proportion of funds – almost insignificant’ (Allen, 1999).

Political finance is also provided in other forms apart from donations – aligned groups also spend money on their own political campaigns that favour a particular party. The most infamous example occurred during the 2005 election campaign when seven Exclusive Brethren Christian church members published anti-Labour and anti-Green party leaflets, allegedly costing about \$1m (Hager, 2006, pp.25-26). Yet this was not the first such ‘third party’ negative election advertising organised against a parliamentary political party. Other recent examples include the Employers’ Federation 1996 election campaign against parties that favoured abolishing the Employment Contracts Act, and the 1999 Engineering, Manufacturing and Printing Union (EPMU) \$300,000 campaign to ‘change the government’.

State funding

Despite the prominence given in the political finance debate to the role played by societal and interest groups, the most significant change in political funding in recent years has been the ‘revolution’ that has occurred in the state funding of the parties in Parliament. The parliamentary parties receive resources and services of more than \$128m a year. These are intended to permit them to carry out their legislative duties and serve their constituents, yet much of this is used for partisan political purposes, electioneering and organising their parties.

About 1200 staff are employed by the Ministerial and Parliamentary Services, many of whom carry out party political research, marketing and organising. Out in the electorates, regional party organisers (previously paid for by the party organisation) have been replaced by electorate agents (paid for by the Parliamentary Service), and the electorate offices that they work in are now de facto regional party headquarters. Mail-outs, glossy leaflets and newspaper advertisements are also paid for by parliamentary funding.

As Table 2 shows, in the 2008-09 financial year the parties in Parliament have a total budget of nearly \$16m in ‘Party and Members Support’. This money is used for hiring specialist staff, publishing, postage, and so on. In addition, Table 3 shows a number of other parliamentary services that political parties benefit from – such as \$17m spent on executive secretaries, \$11m spent on MP travel, \$2m spent on telecommunications, and \$13m spent on computing and other information services.

Table 2: Party & Members Support (2008-2009)

Party	Budget
National Party	\$6,932,000
Labour Party	\$5,427,000
New Zealand First	\$927,000
Green Party	\$864,000
Maori Party	\$703,000
Act New Zealand	\$378,000
United Future	\$314,000
Progressive	\$187,000
Independent	\$106,000
Total	\$15,838,000

(Source: Government of New Zealand, 2008, pp.243-244).

Table 3: Services to MPs (2008-2009)

Services in Parliament	Expenditure
Secretarial Support	\$17,148,000
Members Communication	\$2,328,000
Members' Travel	\$11,000,000
Information Services	\$13,267,000
Building & Operations Management	\$26,284,000
Personnel & Accounting Services	\$6,170,000
Policy Advice	\$822,000
Total	\$77,019,000

(Source: Government of New Zealand, 2008, pp.243-244).

For at least some parties this funding makes up the vast bulk of their income. For example, when the Alliance party was in Parliament it made very effective use of its parliamentary resources, and these became central to its operations. In 2000 the Alliance listed its total income (for its parliamentary wing and its party organisation outside Parliament) as \$3,870,500. This paid for the salaries of 66 staff and operated 24 Alliance offices both inside and outside of Parliament (including ministerial offices). About 94% of this income (\$3,620,500) was listed as coming from the Parliamentary Service and Ministerial Services, with only \$250,000 coming from the extra-parliamentary organisation (Alliance, 2000).

The other parties have benefited in similar ways – see Table 4. The Labour Party has the most staff working for it in its parliamentary and electorate offices – in 2003 this was about 375. Compared with the parliamentary offices of the parties, the head offices outside of Parliament are somewhat less well-staffed. Labour's extra-parliamentary office, for example, in the late 1990s had only nine employees (Allen, 1999).

Table 4: State Funded Party Staff (2003)

Party	Ministerial Staff	Executive Secretaries	Leader's Office	Electorate Agents	Total
Labour	235	25	18	97	375
National	0	27	24	48	99
NZ First	0	8	9	14	31
Act NZ	0	9	11	9	29
Greens	0	9	14	9	32
United	0	5	9	9	23
Progressive	12	1	0	3	16
Total	247	84	85	189	605

(Source: Parliamentary Service, 2003)

State funding has an important effect on the nature of political competition, especially in terms of consolidating the existing party system and artificially inhibiting change. Certainly in New Zealand, the overall effect of the system of state funding has been to consolidate the present players in the party system and prevent the entry of new competitors. The provisions of generous parliamentary funding operates as an impediment to the competitiveness of new parties in New Zealand politics. It is therefore significant that the only new political party to be elected to Parliament since the introduction of MMP is the Act party – every other new party has been established by at least one incumbent parliamentarian.

Undoubtedly, state funding has reduced the organic attachment of political parties to society. They no longer have to rely on party members for voluntary work or societal groups and individuals for financial support. This produces greater independence and autonomy for the party elites in Parliament. Thus, according to Pierre et al., ‘there will be less interest in catering for the interests and opinions of the rank-and-file in the intra-party decision-making process’ (Pierre et al., 2000, p.3). The independence from civil society that state funding affords political parties, also has a tendency to moderate their politics. As Simon Lemieux suggests in Britain, state funding enhances ‘the independence of parties by freeing them to a large extent from the ties of their present backers.... It might also lessen the polarisation between parties, where Labour are still (rightly or wrongly) seen as the party of the ‘workers’, and the Conservatives as the party of capitalism’ (Lemieux, 1995). This increasing independence (or weakening linkage) also means that some of the classic functions of parties, ‘such as the articulation of interests and the aggregation of demands, and perhaps also the formulation of public policy’ are becoming undermined (Mair, 1997, p.153).

There are good reasons for political parties to be reliant on even institutional sources such as corporations or trade unions, to fund their activities. These sources of support and political pressure provide an ideological anchor. Becoming free from such organisational ties encourages ideological convergence, as parties no longer need to represent distinct social constituencies (and thus Labour is less the party of working people and National is no longer simply the party of business). Instead, parties become more independent from social groups, tending to be the vehicles of office-seeking politicians and prone to political convergence.

This organisational detachment of parties from their traditional supporters has led to ideological convergence in which parties of both left and right are more inclined to come together in the mushy centre. Instead of clearly articulating the interests and demands of distinct social constituencies - which was their classic function - the financial independence gained through state subsidies means that parties are freer than ever to chase the floating voter and simply seek public office with little regard to furthering an ideological programme.

Furthermore, the professionalisation afforded by this indirect state funding means that the parties are increasingly run by unelected staff who do not originate from within the extra-parliamentary structures, and hence do not have the same ideological background and beliefs as the traditional officeholders and activists. This new elite of media specialists and other experts are now playing a major role in every element of the campaign – from deciding the campaign issues through their market research initiatives to organising media coverage.

In this environment the parties are increasingly shaped by office-seeking ambitions and by the concerns of the median voter, thus denying citizens meaningful choices. The overall result is the growth of ‘antipartyism’ – a response in which the ‘spin’ offered by political parties is met by the increasing cynicism and detachment from the political process of the electorate. These developments are not unique to New Zealand but mirror similar trends in many other OECD democracies.

Rather than being reliant on public subsidies, it can be argued that it is healthier for parties to be dependent for their existence on their ability to attract resources of both a financial and volunteering variety from their supporters. Even institutional sources of support, such as interest groups, corporations or trade unions, provide an ideological anchor, encouraging political parties to stand for distinct political programmes that allow the electorate a greater degree of political choice.

Does money buy elections?

Political finance reformers generally argue that state control of political activity is needed because ‘money buys elections’, by which they mean that electoral contests do not take place

on a 'level playing field'. Related to this, there is a simple correlation that is often crudely pushed forward that 'more money spent equals more votes won'. The problem with this is that no such simple correlation exists – the relationship between money and politics is actually incredibly complex. Political finance scholars continue to wrestle with and disagree over the specifics of that relationship. In Britain, political finance expert Justin Fisher analysed annual data from 1959 to 1994 in order to answer the question of whether increased party spending at the national level is electorally significant. He found 'that there is insufficient evidence wholly to support this proposition', concluding that 'party spending at national level may not be as effective in electoral terms as is often suggested' (Fisher, 1999, pp. 519, 530).

The bestselling economics book, *Freakonomics* by Steven Levitt and Stephen Dubner (2005) has a section on the quickly diminishing marginal returns of election campaign spending. In this, they claim to refute the widely-held misconception that 'money buys elections'. First they admit that there is a correlation between money and politics: those candidates or parties that spend the most often win. But they dispute the commonly-held assumption that the spending *causes* the win. Instead they point out that anticipated win – or possible win – will often attract the campaign money. When candidates obtain large amounts of money it is usually because they are seen to be the best candidate or the one mostly likely to win. Based on Levitt's study of campaign spending by the same candidates against the same competitors over decades of US congressional elections, it was found that 'the amount of money spent by the candidates hardly matters at all. A winning candidate can cut [their] spending in half and lose only 1% of the vote. Meanwhile, a losing candidate who doubles [their] spending can expect to shift the vote in his favor by only that same 1%'. The *Freakonomics* authors conclude that campaign spending has a very small impact on election outcomes, regardless of who does the spending.

In recent New Zealand elections there does not appear to be a strong correlation between parties increasing their spending to achieve greater votes. In fact the correlation is often the opposite. The wealthiest parties have arguably received relatively poor value for money from their expenditure. In the 2005 election, Labour spent \$3.9m on their campaign in order to obtain 935,319 votes – a ratio of \$4.16 per vote. National has performed similarly poorly – spending \$2.80 per vote in 1996, \$4.36 per vote in 1999, \$3.92 per vote in 2002, and \$3.40 in 2005.

The Act party – which is generally regarded as the epitome of a 'rich party' – has achieved incredibly bad value for money, receiving cost per vote ratios over the last four elections of \$13.82, \$5.41, \$12.36, and \$34.00. Act is therefore an example of a well-resourced party that has been unable to make headway in selling its brand of neoliberal economic reform,

despite the millions of dollars it has been able to spend. Despite its apparent massive wealth, the party has received votes under MMP of 6%, 7%, 7%, and more recently, 1%.

It is possible that high-spending election campaigns are also counterproductive in that voter perceptions of party wealth and its association with lucrative funding are probably negative. The classic example in recent times was the 1993 campaign against MMP by the Campaign for Better Government group, which was lucratively funded by big business and generally regarded negatively for this reason. Voters can also easily be turned off by too much exposure to political advertising. Ex-Act party employee Simon Carr has pointed out that advertising professionals working for parties 'fail to recognise that advertising combines all the things voters most dislike about politics and about advertising – slick, costly, boastful and almost certainly untrue' (Carr, 1997, p.87). Further evidence of the ineffectiveness of political advertising is supplied by Carr, who reported that after his party spent \$300,000 on a round of advertising in 1995, the party's support actually dropped by nearly three-quarters (*ibid*).

By contrast there are plenty of examples of parties finding success after spending only small amounts. The story of the rise and fall of the Alliance party provides a good example of how the resources of a party do not necessarily determine electoral success. Formed in 1991, the party had few financial resources in its early years. At the 1993 election it spent less than \$500,000, and gained its highest vote – 18%. The campaign manager, Dave Macpherson, claimed that the Alliance's low-cost campaign methods were superior to those of its professionalised, high-cost competition: 'Good old fashioned door-knocking and street corner and soapbox meetings were starting to have an effect. Labour and National concentrated on so called high-tech campaign tools: phone surveys, polling, whistlestop leaders tours, and expensive newspaper advertisements. To us they were pretty ineffective' (Macpherson, 1994, p.20).

However, at the next election the Alliance increased its expenditure to over \$800,000, and its electoral support declined to 10%. From this point the party had access to millions of dollars in taxpayer-funded resources, and it also had improved private funding, which meant it could spend about \$940,000 at the 1999 election. Despite being the third largest spender, its vote declined further to 8%. However, because it went into government with Labour, it received a substantial boost in resources through Parliament. Such resources then became part of a vicious internal dispute, and in the following election the party received only 1% of the vote.

The Greens are another parliamentary party that is not traditionally resource-rich. In its first election, in 1990, the newly-formed party had virtually no money to spend at a national level, yet received 6.3% of the national vote, and averaged about 8.9% in the electorates in which it fielded candidates. For many years the party continued to operate on a very low

income. Since then, its finances have improved significantly, but without any clear electoral improvement. In the Greens' first post-Alliance general election campaign the party spent a relatively low figure of \$279,168, which won it 5.2% of the party vote. By 2002 the party was larger and financially better off, and was therefore able to almost triple its expenditure to \$765,035 – making the party the fourth highest spender in the election. By 2005 the Greens were the third largest spender (\$792,842) yet the party actually lost 22,000 votes.

The election campaigns of the Alliance and the Greens have added weight to the idea that a lack of financial resources is no insurmountable barrier to electoral success. Moreover they suggest that other political factors might be more important than money in explaining political success or failure. Money is clearly only one of many variables in influencing electoral results. After all, it is not always the party with the most money that wins. In New Zealand the last contest in which the party with the most (private) money won was in 1993. Overall, then, it is debatable that access to large amounts of money is of such huge electoral advantage to any party that it requires strict regulation. For all its importance, money is only one of several political resources.

Structural explanations of political inequality

Proponents of political finance reform believe that inequalities of economic resources are leveraged into political gain via donations to political parties and 'third party' campaigns. This is a 'critical pluralist' view of politics, with an inherent belief that the state is basically neutral but that there is unfair competition between various societal groups to influence the state. The question of 'who gets what' in society is thought to depend on who does the best lobbying, which political party is strongest, and who can manipulate the media and voters the most. The state is merely a weathervane or a referee to point things in the right direction depending on who gets into Parliament. In this conception, business and wealth distorts democracy because the electoral system is not sufficiently protected against such abuse.

A different understanding of political inequality and business control over politics exists, which has very different ramifications for regulating political activity. This is an argument that the state is not at all neutral, and electoral competition under the present economic system can never obtain the fairness that the reformers desire.

There are a number of reasons why those with more economic resources at their control can wield greater political influence. But most significant in maintaining the disproportionate power of the wealthy of society is the dominant position that business interests generally hold in any capitalist economy. The performance of governments is strongly related to the performance of the economy, reflected in the levels of economic growth, public debt,

employment, and inflation. To achieve these goals New Zealand governments, like other governments in capitalist democracies, are critically dependent on maintaining business confidence as expressed through the financial markets. Furthermore, government is fiscally dependent on a prosperous economy in order to derive taxation.

These structural constraints make economic and political neutrality impossible for the state. Governments and their officials must anticipate the needs of business and promote an economic environment that will be attractive for investment. None of this process necessarily involves any *direct* influence by business interests. Without business exerting pressure on parties or governments the state continues to ensure business interests are looked after. Therefore no level playing field can exist, as it is already permanently tilted in favour of capital.

Similarly, all those political parties that seek to obtain public office – and hence seek to manage the economy – are subject to an evaluation of their ability to achieve these goals. In a market economy, then, the need to satisfy the major forces in the market sets severe limits on the programmes, not only of government, but all those who seek to be elected to it. Left-wing parties, in particular, are therefore strongly discouraged from adopting or retaining any policies that might threaten the dominance and interests of business. That's where the political leverage of the wealthy is exerted – not in donations which are utterly insignificant in comparison.

In order to determine whether politics in New Zealand is characterised by business asserting its interest through donations to political parties or through the need for profitability to be maintained, reference should be made to the most significant shift in postwar New Zealand politics: that from the old Keynesian welfare state to neoliberalism that occurred after the 1984 election. Virtually every element of New Zealand society and economy was hugely transformed in favour of capital. Those that subscribe to the political finance reform model of politics might like to characterise this shift as having occurred due to the influence of business donations on the incoming Labour Party in 1984. Yet Labour in the early to mid-1980s received very little in the way of business contributions - according to the Royal Commission on Electoral Reform, Labour went into the 1984 election with only about \$650,000 to spend – and little money had been raised outside the party (Royal Commission on Electoral Reform, 1986, p.213). Despite the lack of business donations, the Fourth Labour Government then unleashed its swingeing pro-business reforms. A structural analysis of the New Zealand economy and politics show that the Fourth Labour Government was pushed to restructure out of a need to deal with a fiscal crisis in the economy and the need to bolster capital accumulation. The direct influence of business donations or 'third party' campaigns played an insignificant role. For instance, the Business Roundtable, often seen as the architect of the reforms, did not even establish its first

office until 1986 (Murray, 2006, 167). The reforms were well underway before business began rewarding Labour with increased donations.

Conclusions

Ultimately, it is clear that money does matter in New Zealand politics, but it is not necessarily found to be so strongly influential in the electoral process. The correlation in terms of ‘money buying votes’ is much weaker than the common rhetoric makes out. Yet even to the extent that money is important in the party system, the greatest impact on electoral competition and internal party politics is state funding which is significantly greater than any of the sources of money that political parties derive from societal interest groups. Therefore, ensuring a level playing field in New Zealand politics will involve something very different to the Electoral Finance Act.

More importantly, this article has attempted to show that the increasing homogeneity of political finance in the party system has implications for the parties’ ideological influences and loyalties. Thus, the new financial linkages indicate that the nature of modern political parties entails that the differences between Labour, National and the minor parties are drastically reduced. Such a change should be seen as a further element of the parties’ eroding linkages with civil society. Yet the state now masks that decline by providing the vast bulk of resources for the parties through indirect state funding. There is a sense, therefore, in which the financial problems of the parties are merely a symptom of a more serious transformation of the organisational and political nature of the parties.

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