

PARTY FINANCE: THE DEATH OF THE NATIONAL CAMPAIGN?

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I. Introduction

Party finance in 2015 in many ways marked a continuation of previous trends observed in previous studies. First, and most obviously, the position of the Conservatives as the ‘wealthy party’ was firmly re-established. The party was financially dominant in 2010 as well, but this election demonstrated clearly that this had not been a blip. Secondly, in the conclusion to the article on the 2010 election, I suggested that national campaign spending might be slipping behind constituency-focussed campaigning (Fisher, 2010). The evidence from this election was that not only had this trend continued, but that it might not be too much of an exaggeration to say that national campaign expenditure as we have traditionally understood it, may well now effectively be dead, or at least in terminal decline at GB level. As we will see, the vast majority of spending by the Conservatives, Labour and Liberal Democrats was not on large scale nationally-focussed campaigns, but on supporting constituency efforts through ever more precise micro-targeting of key voters in target seats. Thirdly, if 2010 had proved to be hyperbolic in terms of digital campaigning without any great evidence of its importance or impact (Fisher *et al*, 2011), expenditure in 2015 suggested that digital campaigning may now be becoming more significant. But critically, some digital methods (such as Facebook) were more significant than others. And perhaps most importantly, old-fashioned direct mail still dominated.

II. Long-Term Trends in Income and Expenditure

Until the period of Tony Blair’s leadership, Labour’s electoral record could reasonably be described as ‘patchy’ at best. No Labour government had ever won a full second term. Under Blair, Labour won three full-terms. Equally, Labour’s financial dominance under Tony Blair now looks increasingly like being an historical anomaly. As I wrote in 2010, in party finance terms, at least, the post-Blair period appeared to represent the resumption of normal service, with the Conservatives restoring their traditional financial dominance (Fisher, 2010). And yet, over the course of the first part of the 2010-2015 Parliament, Labour actually managed to generate most income. As Figure 9.1 shows, up to and including the latest available accounts ending in 2013, Labour started to attract more income than the Conservatives.¹ This is

¹ Data for national party income and expenditure come from the individual parties’ accounts

captured well in Figure 9.2, which examines Labour central income as a percentage of that of the Conservatives. Yet, it also shows that by 2013, the financial gap between Labour and the Conservatives was closing. Conservative income after 2010 dropped off fairly sharply and though Labour's income was swelled by the receipt of public funds (such as Short money) by virtue of being in opposition, its voluntary income still exceeded that of the Conservatives following the 2010 general election. Yet it would be a mistake to characterise this as a Labour financial resurgence. The key pattern in the post-2010 period in respect of the Conservatives was the familiar cycle of voluntary donations which are tied so strongly to the general election cycle (Fisher, 2000). Rather than Labour's income growing, it fell immediately after the 2010 election and then remained reasonably constant (actually declining slightly), as a result of more steady income from trade union affiliation fees and public funds, whereas the Conservatives' income, largely now dependent on voluntary income, dipped more dramatically at first. This is captured in Figure 9.3, where the data are smoothed and show how Labour's income since the early 2000s has been in general decline. As we will see, as the election approached, a more familiar upturn in Conservative income occurred.

Figure 9.1

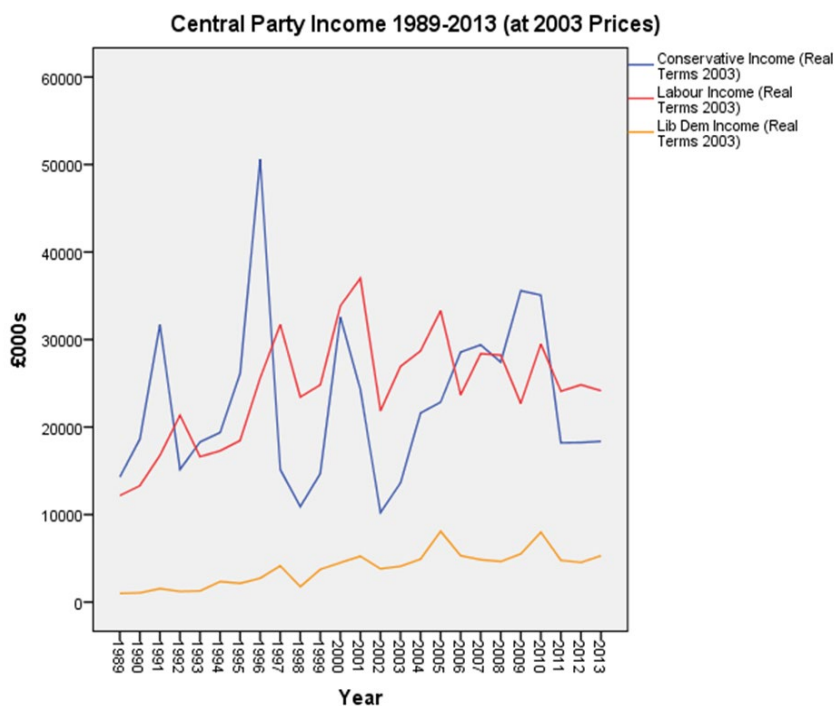


Figure 2

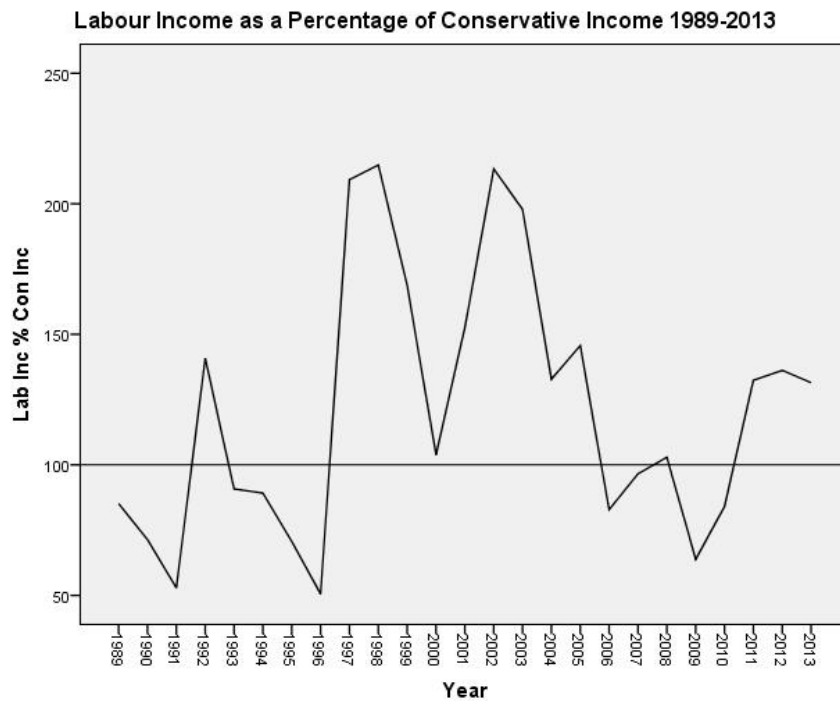
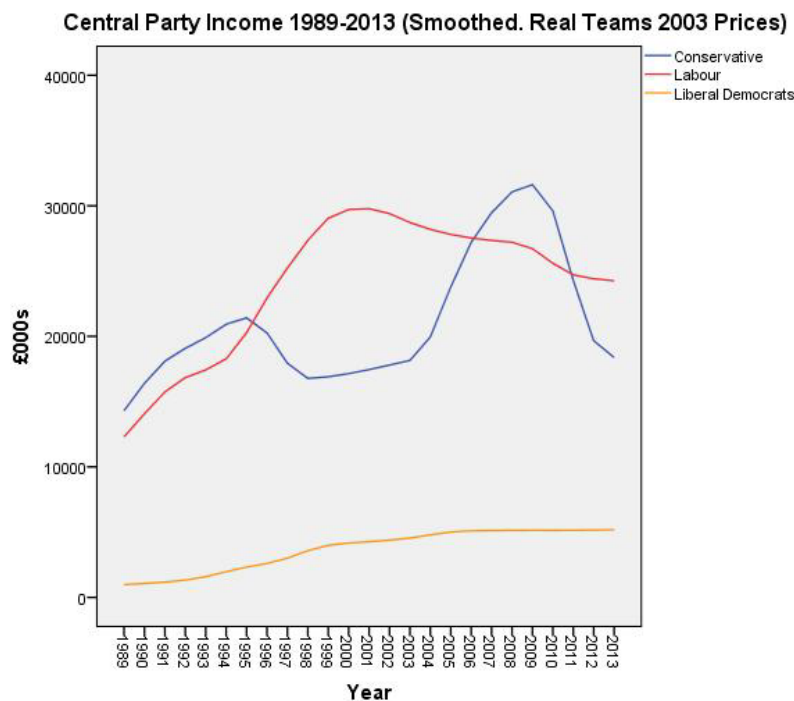


Figure 9.3



Not surprisingly, levels of income are associated with levels of expenditure. As Figure 9.4 shows, expenditure cycles strongly around the timing of general elections with significant falls in the immediate aftermath. The post 2010 period was no different, with Labour spending most in the period up to end of 2013. However, as the smoothed data in Figure 9.5

show, this was more a function of a drop in Conservative spending than a significant rise in Labour expenditure, which remained fairly constant and well below the party's spending in the early 2000s. Part of the reason for this was the greater financial prudence demonstrated by the larger two parties in recent years. A previous trend for parties is that they have often spent much more than their income in any one year. Since 2007, however, that particular habit appears to have been broken. Since then, both Labour and the Conservatives have generally been able to contain their spending, and while the reverse has been true for the Liberal Democrats, the latest accounts (2013) indicate that they too have been able to spend less than they've generated (Figure 9.6). These trends are demonstrated even more starkly in Figure 9.7. The result for the largest two parties is that their liabilities have fallen sharply.

Figure 9.4

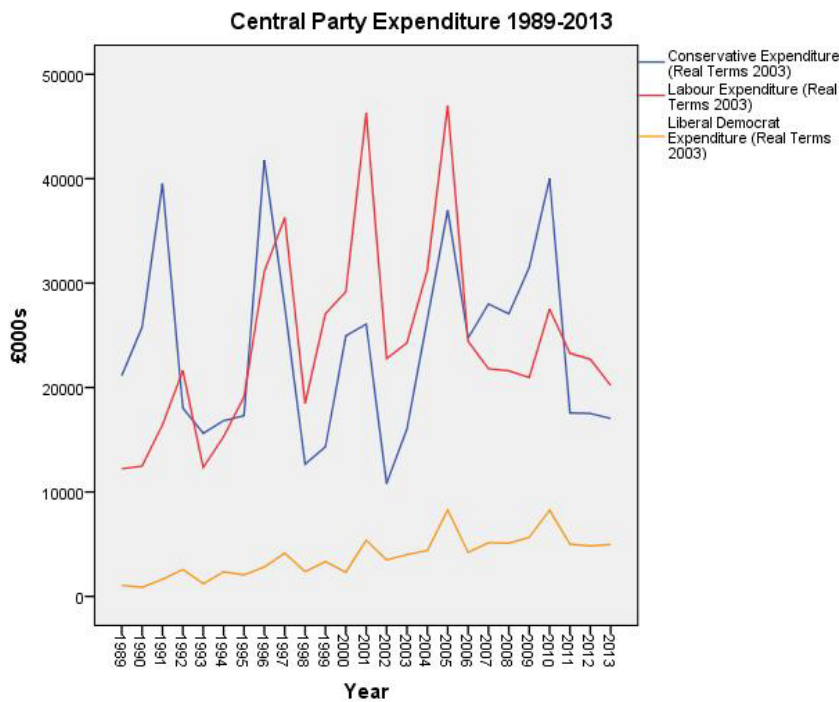


Figure 9.5

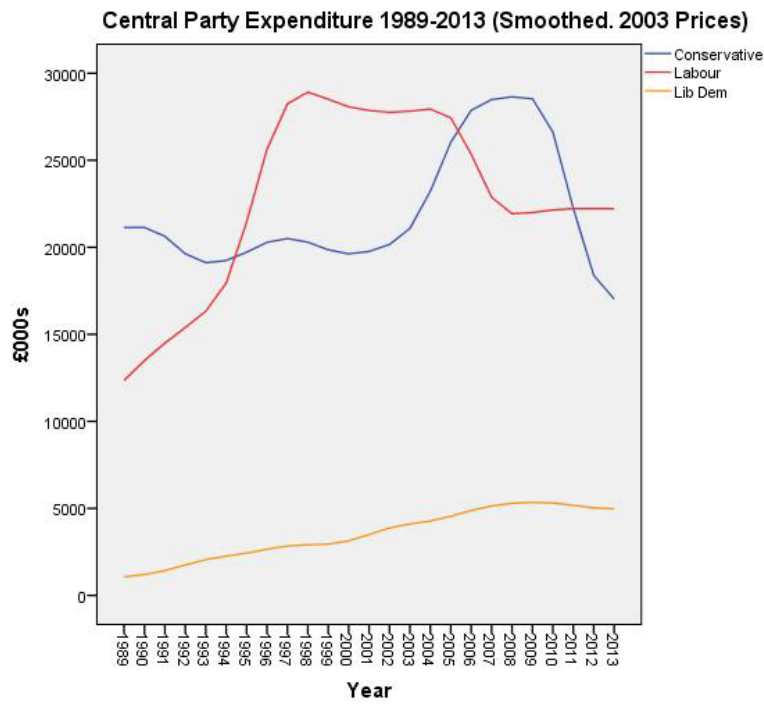


Figure 9.6

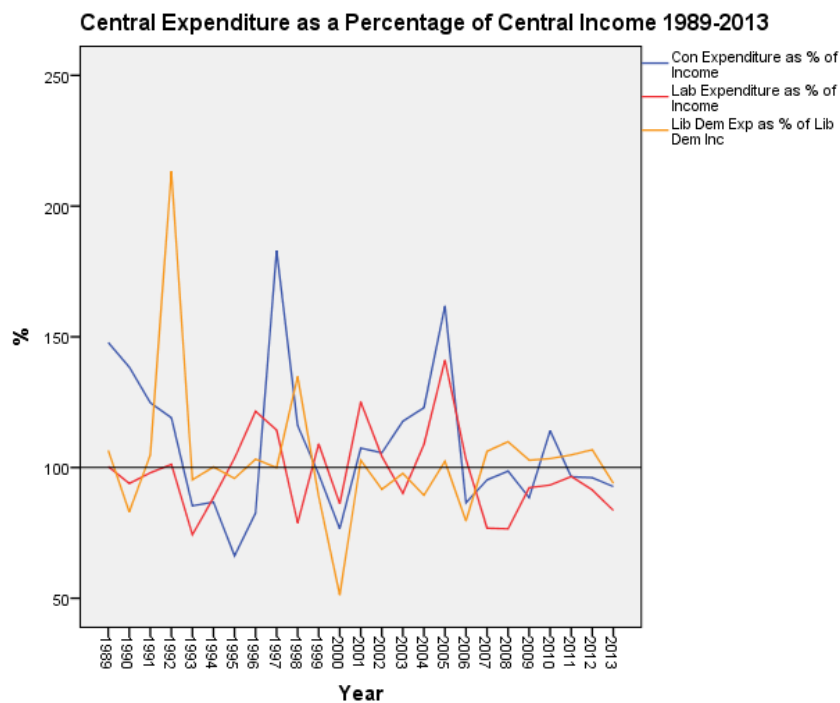
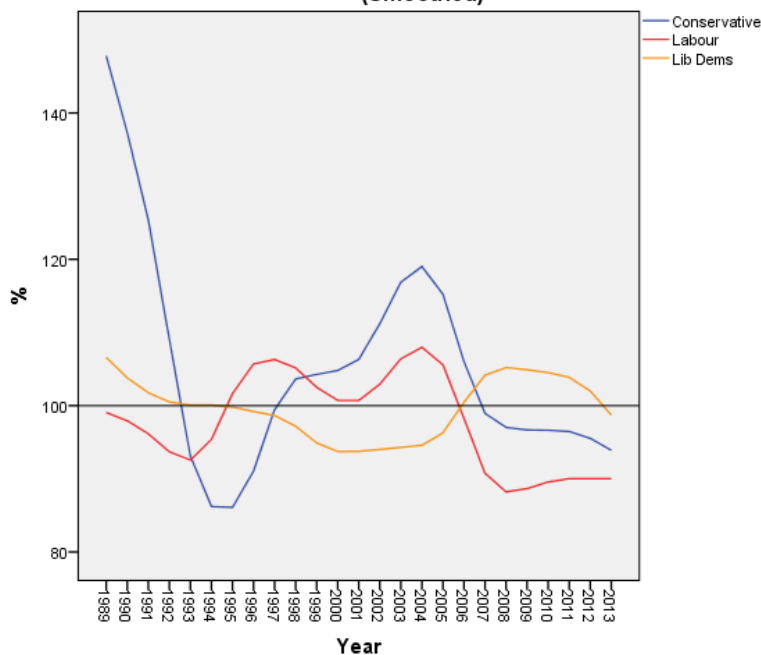


Figure 9.7

Central Party Expenditure as a Percentage of Central Party Income 1989-2013 (Smoothed)



III. Another Party Finance Parliament

The 2005-2010 Parliament was one where the issue of party finance reform loomed large following the ‘loans for peerages’ episode, the Hayden Philips review and the *Political Parties and Elections Act Parties 2009* (Fisher, 2010). And this Parliament did at one stage look as though the same would occur. In the end, it was not so prominent, but in the long-term, the events of 2010-2015 may have much more significant implications for party finance regulation in the UK. Soon after the 2010 general election, the Deputy Prime Minister, Nick Clegg – a champion of radical party finance reform - asked the Committee on Standards in Public Life (CSPL) to once again review the whole area of party finance. The Committee’s previous report on party finance, published 1998 had resulted in the introduction of extensive reform through the *Political Parties, Elections & Referendums Act 2000*. The Committee reported in November 2011 (Committee on Standards in Public Life, 2011) and focussed on trying to remove “big money” from politics. The report made two important points early on: first, political parties play an essential role in the country’s democracy; and, second, that there was potentially a difficult choice because any desire to remove large donations would require donation caps. If caps were imposed then an extension of public funding was the only realistic way of ensuring that parties survive. So there was a choice – donation caps and an extension of public funding or the status quo –the CSPL favoured the former

The report made 24 detailed recommendations, the most significant of which were capping donations, extending state funding and cutting election expenditure limits. This was radical - going further than the Phillips review in the previous Parliament (Phillips, 2007) and like that report, very much outside the British tradition of party finance which has evolved in a very different way from other European and North American countries, focussing not on state support, but on expenditure caps as a key policy instrument (Fisher, 2009). As with the Phillips report, the CSPL recommended donation caps. But the Committee went further. Where the Phillips report recommended a £50,000 cap, the CSPL went for £10,000, arguing that such a cap would not advantage any party to the extent that would a £50,000 cap. Critically, the CSPL report also tried to deal with the trade union question in respect of caps in a more coherent way than the Phillips report had done. Capping individual and company donations is relatively straightforward. But trade union donations (which include affiliations) are potentially more difficult as they are made up of individual trade unionists' contributions to an affiliated union's political fund. Defenders of this arrangement therefore argue that trade union payments should be regarded differently and not capped. As a result, Labour has objected to previous proposals for donation caps on the basis that these would also capture trade union affiliation payments (Fisher, 2010: 200). Politically, however, this has always been a very difficult case to make. And it has been made more difficult by the fact that as unions have merged, much of Labour's trade union income now comes from a small number of so-called 'super unions'.

Coupled with that, many trade unionists no longer necessarily support Labour, but still pay into the political fund which is also used for other political purposes. The CSPL's proposal was that for affiliated unions not to be caught by the cap, they should demonstrate that they were in fact making a collection of individual donations by requiring members to both 'contract in' to the political levy and then make a positive decision that some of that levy should be paid to Labour. Historically, 'contracting-in' had been a 'no-go area' - while it was proposed in green paper from the Thatcher government (*Democracy in Trade Unions*, 1983) the idea was abandoned in the subsequent legislation (*Trade Union Act 1984*). Interestingly, however, it has re-surfaced in the first Queen's speech of the new Conservative government in the Trade Union Bill.

The CSPL's plan for the parties if caps were introduced was an extension of public funding, proposing an allocation from the public purse based on votes not only at Westminster level, but also in devolved elections. This was a sensible move given the growing importance of the devolved institutions, and would have helped deal with the disadvantage that some parties traditionally have in respect of vote share under the majoritarian system used for the Commons compared with the semi proportional electoral system used for Scottish Parliament and Welsh Assembly elections. Such a scheme was calculated by the Report as costing around 50 pence per elector per year – a very small sum.

The final key proposals were in respect of election spending. The Committee proposed a 15 per cent reduction in spending limits. However, this failed to acknowledge that the cost of elections is actually falling. The figure of £30,000 per constituency contested introduced by the *Political Parties, Elections & Referendums Act 2000* to calculate the national spending limit has never been adjusted for inflation. The result is that the amount the parties are permitted to spend in real terms has been steadily falling: the limit of around £19 million set in 2000 equates in 2015 to around £13 million at 2000 prices. Over time, elections have actually been costing less by virtue of inflation - a trend that would have been accelerated further had the Conservative plans to reduce the number of seats in the House of Commons been successful in the 2010 Parliament.

Yet, despite the report costing nearly half a million pounds to produce, its recommendations were effectively buried on the morning of its publication. There is rarely a good time to propose more extensive public funding (though in truth, polls suggests that opinion is very volatile on this issue – see Hudson & Fisher, 2013), and a proposal in the depths of an economic crisis was even more difficult. The CSPL acknowledged this and proposed that nothing should be done until after the 2015 election. But the report was effectively buried on the morning of its publication. Speaking for the Conservatives as the party's then Chair, Baroness Warsi announced that "the public will simply not accept a plan to hand over almost £100m of taxpayers' money to politicians"². And, Nick Clegg – a previous champion of radical reform who had commissioned the report - distanced himself from the report's conclusions very rapidly, saying "the government believes that the case cannot be made for greater state funding of political parties at a time when budgets are being squeezed and

² <http://www.theguardian.com/politics/2011/nov/22/party-funding-reforms-kelly-report>

economic recovery remains the highest priority.”³ Labour too, notably failed to support the report. All-party talks were attempted to seek to strike some kind of deal, but they explicitly excluded the possibility of an extension of state funding and drew to a close without any proposals for reform in the Spring of 2013.⁴

An unsuccessful attempt in April of 2013 was made to revive the debate. Three backbench politicians from the largest three parties in Britain proposed a draft Bill to reform party funding (Funding Democracy 2013). Arguing that there “is widespread agreement that our representative democracy in the UK is vulnerable to the influence of well-financed interest groups and wealthy individuals” (p.3), the proposals were firmly rooted in the Phillips Review and that of the CSPL. To that end, very similar reforms were put forward, namely donation caps, a reduction in campaign expenditure and the introduction of more extensive state funding. However, there were some notable innovations in the proposals. First, while the CSPL report had proposed delaying implementation until after the 2015 general election, this report favoured a phasing in of donation caps and increased public funding. It proposed a donation cap of £50,000 should be introduced by January 2014 and that the cap should be reduced incrementally to £10,000 by January 2023. To compensate for the loss of income, the report proposed introducing enhanced state funding along the same lines as the CSPL, but again in a phased manner, inverse to the reduction in the cap on donations. And again, just as with the CSPL Report, it is envisaged that campaign spending would be reduced by 15 per cent.

The report also advocated imposing expenditure limits on an annual basis (rather than just in the year before a general election) and imposing far stricter controls on third-party spending. This desire to further regulate third party spending was rooted in a purely hypothetical problem. PPERA introduced third party spending controls for the first time at national level (previously only constituency level activity had been covered). Yet since the introduction of PPERA, this aspect of legislation has not been tested as third party activity has been at a much lower level than many expected. The report was effectively ignored however, although one aspiration was achieved entirely by coincidence - the *Transparency of Lobbying, Non Party Campaigning and Trade Union Administration Act 2014*, placed further restrictions on third party spending despite the apparent absence of a need for such enhanced regulation.

³ <http://www.bbc.co.uk/news/uk-politics-15822333>

⁴ <http://www.bbc.co.uk/news/uk-politics-23177856>

Yet perhaps the most significant party finance act of the Parliament was one that had no roots in the principles of party finance reform. Rather, it came about indirectly as a result of a brawl in the House of Commons bar. After a series of incidents, the Labour MP for Falkirk, Eric Joyce, resigned from the Labour Party and later declared that he would not stand in the 2015 election. What followed had implications both for Labour's election campaign and for possible reforms of party funding in the future. Amidst accusations that the process of candidate selection to replace Joyce were being abused by the UNITE union, Labour leader Ed Miliband announced surprisingly radical proposals for reforming the relationship between affiliated trade union members and the Labour Party, which effectively endorsed the Committee on Standards in Public Life proposals in respect of members of affiliated trade unions. Not only would members now have to 'contract in' to the political levy, they would also have to consent to a proportion being paid to Labour.

To understand why these proposals were so radical, it is necessary to summarise part of the Labour Party's historical development. From the outset, Labour's structure as a party was different from that of others. It was not, for example, until 1918 that members could join on an individual basis – previously membership came through the affiliated nature of trade unions or socialist societies. This collective element of trade union affiliation remained as a result of the principles entrenched in the *Trade Union Act 1913*, which established that for trade unions to engage in political activity, they must create a separate political fund. This covered all political activity – not just that with the Labour Party - and trade union members were required to actively 'contract out' if they wanted to avoid paying the additional fee.

The 1913 Act laid the ground rules for an important aspect of Labour funding for much of the next 100 years. Political activity through the Labour Party would be expressed collectively through a union's decision to affiliate to the party. And for many in the Labour movement, this principle remains of key importance. It has faced challenges in the past. In the aftermath of the General Strike, the then Conservative government sought revenge on the unions by changing the law such that trade union members must now 'contract in' – that is, make the decision to pay into the fund rather than opt out. The result was quite predictable – around a quarter fewer trade unionists opted in to the political levy, though the impact on Labour's finances was mitigated in part by unions' raising the affiliation fee for those who continued to pay into the political fund. Soon after the end of the war, however, Labour restored the

practice of ‘contracting out’ and that has remained in place ever since (See Pinto-Duschinsky, 1981).

In that context, Ed Miliband’s proposals went right to the heart of Labour’s relationship with affiliated unions in two dramatic ways. First, it moved away from presumed consent to contribute to the political fund. Second, it required members of affiliated unions to positively declare that they wish part of the political fund to be paid to Labour in affiliation fees. Both fundamentally challenged the principle of the collective action through unions and moved membership to a far more individualised basis. Critically, these reforms were approved by the party at a special conference in the spring of 2014.⁵ Most attention at the time was paid to Labour’s longer term relations with trade unions, but the implications of the decision went much deeper, since in effect, the principal stumbling block to party finance reform from Labour’s perspective had now been removed. Should donation caps be proposed again in any future review of party finance, Labour would be able to accept them because they could genuinely classify trade union affiliation payments as being a collection of small individual payments made positively by members, just as the CSPL had proposed. Following the 2015 election, new reform proposals on party finance are not presently in the offing and are perhaps less likely to be so with a Conservative majority government (given the push for reform in the last Parliament came from the deputy Prime Minister, Nick Clegg). But should proposals come about, Labour would have an advantage in any future discussions about reform, having made significant changes, which could enable reform to take place. In that context, objections to reforms from other parties would seem much more difficult to justify.

III. Donations 2010-2015

If Labour looked like it might have a financial advantage at the end of 2013, subsequent trends revealed that to be a significant false dawn. Figure 9.7 shows clearly how the number of declared cash donations (those in excess of £7,500) to the central Conservative Party increased very significantly from the final quarter of 2013 onwards.⁶ The Conservatives, for example, received 593 declared donations in 2014 (compared with 333 in 2013). Of course, the number of donations only tells us so much. What is also critical is the volume, which, as Figure 9.8 shows, also increased significantly in 2014, while the volume of Labour donations

⁵ <http://www.theguardian.com/politics/blog/2014/mar/01/labour-votes-on-membershipunion-reforms-at-special-conference-politics-live-blog>

⁶ The source of the data for Figures 8 and 9 is the Electoral Commission

initially fell, putting the Conservatives at a significant financial advantage in a period where investment in the election campaign was especially critical. During 2014, the Conservatives received £24.5 million in declared donations centrally, compared with Labour’s £10.4 million, and the Liberal Democrats’ £4.8 million. Over the whole period from the last quarter of 2013 to dissolution of Parliament in 2015, the Conservatives secured £40.5m in declared donations; Labour £19.8 million, and the Lib Dems £7.3 million.

Figure 9.8

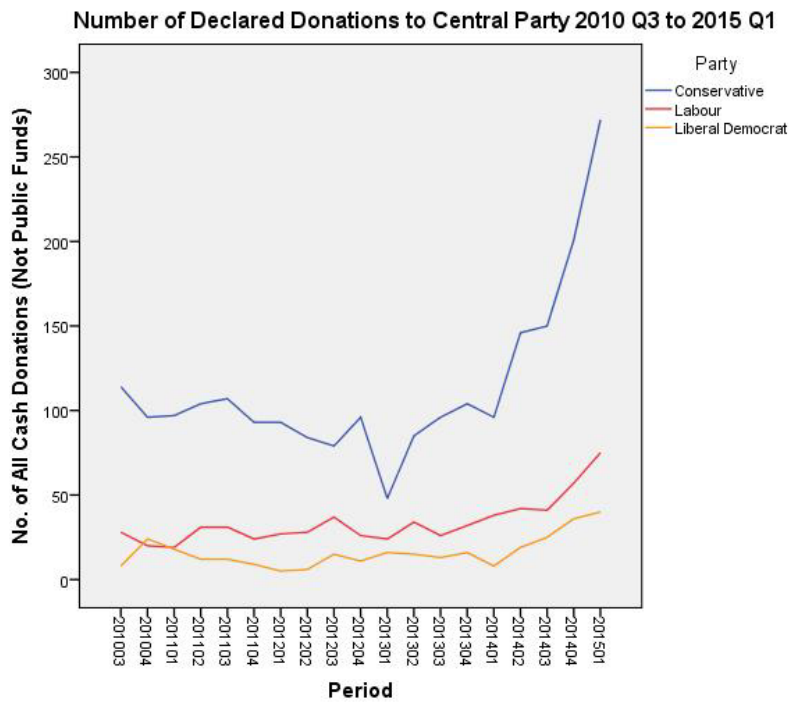
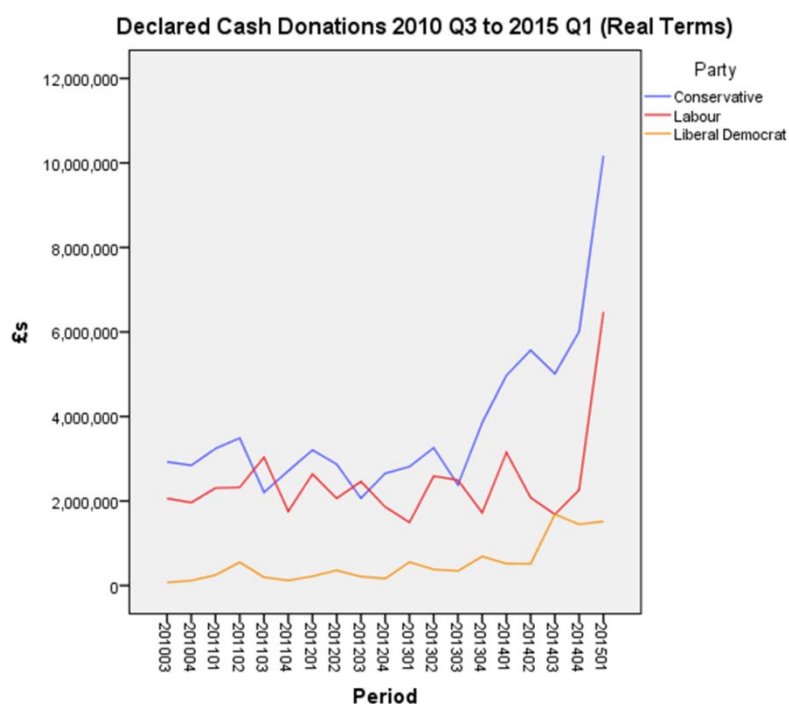


Figure 9.9



IV. Election Period Donations

The *Political Parties, Elections and Referendums Act 2000* requires donation declarations to be made weekly during the period between dissolution and polling day. Although well intentioned and delivering more in the way of transparency than the regular quarterly donations, they tell us comparatively little about the impact of party finance on the election as the money arrives too late to do that much which is substantial. Nonetheless, the more regularly declared donations provide at least a picture of party popularity during the campaign, as well as, of course, welcome income for the parties. Table 1 details the sums received by parties in declared donations over the six declaration points from dissolution in late March to polling day, while Table 2 illustrates when in this period donations were received.

First, the Conservatives received the most in voluntary declared donations. Of Labour’s total, some £551,811 was from public funds as an opposition party. Second, just as in 2010, the sums received were significantly larger than in 2001 and 2005, even though the both the Conservative and Liberal Democrat sums dipped a little compared with 2010. Third, while the balance between individual and company donations increased a little (from a factor of 3.0

to 4.1) for the Conservatives compared with 2010, Labour’s reliance on trade union money for larger donations became more pronounced. In 2010, the volume of income from trade unions was larger than that from individuals in terms of declared donations by a factor of 2.7. In 2015, it was 5.8. For example, Labour’s central party received £1,617,000 from UNITE and £1,100,000 from the GMB during this six-week period. They also received £20,000 from Eddie Izzard and two donations of £10,000 from Lord David Owen. Looking at the timing of payments, the Conservatives generated more week on week (with the exception of the final week where they still raised more than half of the Liberal Democrats overall total). This included nine non-cash donations totalling £81,688 from Sovereign Business Jets Ltd. Finally, while both the Conservatives and Labour received the least in the last week of the campaign, the reverse was true for the Liberal Democrats, following a final week donation of £200,000 from Brompton Capital Ltd.

Table 9.1

Source of election period declared cash donations and levels of declared non-cash donations

	Conservative		Labour		Lib Dems	
	(£)	No.	(£)	No.	(£)	No.
Individual	4,758,025	119	808,000	19	275,000	11
Company	1,150,563	38	465,000	6	316,000	7
Trade Union	n/a	n/a	4,674,862	18	n/a	n/a
Unincorporated Associations	192,000	4	n/a	n/a	10,000	1
Public Funds	n/a	n/a	551,811	1	n/a	n/a
Other	19,542	2	10,000	1	n/a	n/a
Total Cash Donations	5,987,926	149	6,509,673	45	601,000	19
Total Non-Cash Donations	132,203	14	n/a	n/a	n/a	n/a
Total All Donations	6,120,129	163	6,509,673	45	601,000	19

Source: The Electoral Commission

Table 9.2

Timing of Weekly Declared Cash and Non-Cash Donations

£s	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Total
Conservative	501,850	492,512	1,093,206	1,368,450	2,359,170	304,941	6,120,129
Labour	1,887,312	1,109,946	1,530,000	131,242	1,841,173	10,000	6,509,673
Lib Dems	20,000	50,000	75,000	89,000	137,000	230,000	601,000

Source: The Electoral Commission

V. Election Period Expenditure

V.1 Conservatives

As in the 2010 election, the Conservatives found themselves at a significant financial advantage in terms of campaign expenditure. As Figure 9.9 (above) shows, the party was able to raise substantial sums of money from late 2013 onwards, meaning that there was sufficient income to plan and execute a campaign some time in advance of polling day. As we will see with Labour, while the overall level of expenditure made by the two main parties during the regulated 365 days before polling day was ultimately of a similar level, the point at which it was spent differed (and perhaps critically so). A second similarity with 2010 was that the Conservatives' healthier financial position meant that the party could engage in a wider variety of campaigning techniques. For example, unlike the Labour and the Liberal Democrats, the Conservatives did make use of some fixed billboard advertising. Equally, the party took out a very limited number of national press advertisements. However, with both techniques, this represented a significant reduction compared with 2010 and continued the decline of the use of these techniques that have been observed over successive elections. Fixed billboards were far fewer in number and far less significant in terms of expenditure compared with 2010. The small number that were erected were principally – though not exclusively – in target seats; the reasoning being that not all targets actually have poster sites. Similarly, the vast majority of newspaper advertising was placed in local newspapers – again focussed on target seats. For example, the April 30th edition of the *Northampton Chronicle & Echo* featured a 'wrap' advert covering the front page, back page and inside from and back covers.

Beyond these techniques, the Conservatives' national expenditure reflected a pattern that was also true for Labour and the Liberal Democrats; namely that the bulk of spending was focussed on target seats – and specifically, key voters within those seats. A significant proportion of this involved telephone voter identification, direct mail and social media. Telephone voter identification took place principally from a phone bank at the party's central headquarters, as well as from a small phone bank in the Midlands. Volunteers were also able to call from home.

This activity was enhanced by a more developed computer system. In 2010, for example, the Conservatives were behind Labour in as much as feedback from canvass returns needed to be entered centrally. This time, the data were uploaded 'in real time', enhancing the parties' responsiveness with direct mail. A significant innovation in this campaign was the way in which data were collected through in respect of propensity to vote for a particular party. A 1-10 scale was used to capture this, as well as voters' preferred leader, which party was seen as being best on the economy, and their previous vote. These voters were then categorized into eight different voter types. By using the 1-10 scale for each party, the Conservatives were able to estimate, for example, the likelihood of someone moving from the Conservatives to Labour, the Liberal Democrats or UKIP. Individualised, micro-targeted direct mail reflecting the voter type with messages 'relevant to them' followed.

The party also directed further resources at target seats. It had 100 paid campaign organisers in place in key seats and produced standardised campaigning templates for each local party, reflecting the new canvassing approach described above. The leader's tour was also focussed strongly on target seats and well as seeking to generate coverage in regional media. Digital campaigning was integrated into the target voter campaign and mainly focussed on Facebook and email – again focussed principally on key voters in key seats. Targeted personalised Facebook posts often had links to specific videos on the party's YouTube channel, which would appeal to a particular voter, and these videos reportedly had high open rates. In terms of email, the central party paid particular attention to seeking to ensure that emails were opened, by extensive piloting of subject headers, reflecting concerns in 2010 that many emails went unread (Fisher *et al* 2011: 213). This strategy appeared to have been successful, with a claimed open rate of 40-50 per cent. In addition to these activities, opinion polling took place in target seats prior to 2015, with expenditure on national polling after that, in part because of a concern that naming the candidate in a seat poll during the regulated period for

constituencies could count against the candidate's rather than the national expenditure limit. In general, the parties' own polling reflected the voting propensity questions that had been used in campaigning together, and was seen as being more informative than top-line voting intention as featured in published polls.

V. 2 Labour

Labour's campaign spending priorities largely reflected practice in the 2010 and suggested that the national and constituency campaigns were now largely integrated, with the emphasis strongly on the constituencies and key voters within them. As in 2010, there were no billboard advertisements. Instead, there were a few poster vans. And again, reflecting practice in 2010, there were no advertisements in the national press. Instead, the bulk of Labour's national campaign expenditure was on the targeted use of telephone voter identification, direct mail, the leader's tour (and Woman2 Woman tour), staff in key strategic seats, and some expenditure on digital campaigning via Facebook and geo-targeting through cookies.

There were further similarities with 2010. Once again, Labour's campaigning priorities were driven in part by finances. The difference was that in total, Labour spent far closer to the national limit this time. However, a significant proportion of that spend came in the last four months of the campaign, thereby reducing its effectiveness. As in 2010, Labour had its sophisticated Contact Creator infrastructure in place. However, in part because of the row of the Falkirk candidate selection, and Ed Miliband's subsequent changing of Labour's rules in respect of affiliated trade unions, the party had virtually no budget to spend on direct mail and election campaigns more generally in 2013 and 2014. UNITE, the GMB and UNISON all withdrew significant sums following the episode, and while the money was eventually pledged, it meant that the direct mail campaign was not as well planned as necessary. No budget was made available for direct mail until January 2015, meaning that voters received large amounts repeatedly over a short period of time. This upsurge in income late in the cycle is clearly evident in Figure 9 and shows how far behind was Labour relative to the Conservatives in terms of pre-campaign fundraising. Before early 2015, Labour had to rely on a new Royal Mail service (Door Drop), whereby postcodes and sectors can be specified. At a cost of 4p per item, this was cost effective, though less targeted than personalised direct mail. In effect, however, the withdrawal of funds following the Falkirk row diminished the significance of the core campaigning technique and in general made it extremely difficult to

plan the campaign with any continuity, marking this campaign out as being very different from previous ones.

This lack for available budget until the last four months also affected other aspects of Labour's campaign. For example, in 2014, Labour's headquarters became concerned that a numbers of candidates' election materials were substandard compared with those of the Conservatives. However, it became difficult to intervene in any substantial way as the party was unable to fund replacement materials. This also prevented the national party assisting candidates in producing monthly newspapers in the 18 months before the election. However, the party did have some success in positioning staff in key strategic seats from 2012 onwards. All target seats had at least two paid staff, and some had up to six. This was made possible by the use of other budgets from the national party (such as that for the European elections) which did not rely so closely on discretionary spend.

Spending on digital campaign methods was still significantly smaller than more traditional ones such as direct mail. However, it had developed since 2010. The principal digital campaign platform was Facebook, which permitted targeting of key groups through postcodes for example. This technique was focussed most on young and liberal groups – older voters were approached more through the phone banks. By way of contrast, no investment of any consequence was made in Twitter campaigning; Twitter being regarded as '...a Westminster bubble thing' and being too untargeted. The national party did, however, use the NationBuilder software to manage volunteers in the field and was able to achieve impressively fast contacts following an interaction. For example, if a potential volunteer 'liked' a Labour post on Facebook, they would on average be contacted twice – once by telephone and once in person with eighteen hours on average. In addition, email became an important route to fundraising. The party had 1.5 million email addresses and it raised around £3 million this way in small donations. One email alone raised £150,000.

However, for all the targeted spending engaged in by the central party, there was still some uncharacteristic indiscipline in respect of campaign activities. First, the strategic spend in target seats was undermined to some extent by the activities of some affiliated unions. Some of the money that was denied to the central party following the Falkirk row was apparently diverted to some candidates on ideological grounds, sometimes regardless of the electoral status of the seat. Secondly, while the leader's tour and the Woman 2 Woman tour was

controlled by the party's central headquarters and focussed on key seats, tours by some members of the shadow cabinet were often less focussed on electoral targets. Thirdly, the difficulties in Scotland made it less straightforward to target resource effectively on the diminishing number of seats that the national party felt it could hold. All in all, Labour's national expenditure was, by necessity, focussed strongly in the last four months of the campaign and this, combined with some indiscipline, reduced its effectiveness.

V. 3 Liberal Democrats

As in previous years, the campaign expenditure of the Liberal Democrats was driven not by expenditure limits, but by the weaker financial position compared with the Conservatives and Labour. Indeed, by 2012, the party was '...perilously close to bankruptcy.' The party's finances recovered, but its more limited resources meant that in contrast with the other parties who were able to run more of a strong, cash intensive central model, the central party had to rely on local parties as well as doing more than in previous years – a kind of hybrid model.

As with Labour and the Conservatives and Labour, the bulk of Liberal Democrat spending was focussed on the parties' strategic seats. Initially, there were 70 seats identified, including not only seats that the Liberal Democrats held, but also some the party thought it could gain. The number of seats was, however, progressively reduced in number as a function of levels of local activity and election results, with the results of the May 2014 elections being particularly influential. A key innovation for the Liberal Democrats in this election was the party's use of CONNECT software; in effect a UK version of the Obama VAN software system. The party had made significant investment in the software following the 2010 general election and enabled the party to mount its largest ever direct mail operation as well as more accurate estimate levels of local activity. All local parties had targets for the number of voter contacts required some three years before the election, and these data, gathered through CONNECT, help determine the target status of a seat. Through CONNECT, the party was able to run a national telephone voter identification programme, which then helped inform direct mail and Facebook activity. The bulk of the telephone voter identification was undertaken at the party's headquarters, together with some limited commercial phone-banking.

The telephone voter identification was supported by opinion polling in key seats to help inform the party about the necessary clarity required for its messages. Taken together, the

CONNECT system allowed the Liberal Democrats to engage in data modelling to estimate the propensity to support the party, and direct mail and Facebook was then used to micro target key voters in the key seats. Direct mail would also be tailored depending on the type of electoral contest in individual constituencies.

In addition to the extensive use of telephone voter identification and direct mail, the other principal aspects of campaign expenditure were also focussed on key seats. The party employed regional organisers from 2012, and Nick Clegg's tour was focussed solely on target seats. Connectedly, all the party's media activity was conducted in these strategic seats. All of this activity was further supported by NationBuilder, which was used both nationally and in 60 key seats. This proved to be a successful means by which the party could raise funds, both through conventional means and through crowdfunding. In addition, it provided website templates for local parties. The principal digital expense however was on Facebook, regarded as being particularly useful for micro-targeting as well as targeted advertisements. By way of comparison, Twitter was seen as being less useful in terms of campaign expenditure, seen mainly as '...fast reaction for the Westminster intelligentsia'. Like Labour, the Liberal Democrats spent no money on fixed billboards. Nor was there any expenditure on national newspaper advertising – only a few local newspaper advertisements were taken out.

VI. Conclusions

Party finance in 2015 represented further continuation of patterns observed in previous elections. The Conservatives return to being the 'wealthy party' was confirmed and any impact of this was exacerbated by Labour's inability to rise and spend significant sums until relatively close to the election. But perhaps the most interesting continuation was the apparent death of traditional national campaign expenditure at GB level. Barring the Conservatives' minor forays into billboards and national press advertisements, national campaign spending is now a highly targeted effort supporting constituency campaigns. And, in spending terms at least, it may now make little sense to speak of air and ground wars as though they are equal partners. What is clear from the 2015 election is that for major parties campaigning across Britain, the vast bulk of campaign expenditure is aimed at key voters in key seats. In effect, the GB level parties have moved in terms of expenditure from the broadcast national campaigns of the past to narrowcast targeted expenditure. And the reasons for this are both strategic and financial. Strategically, all three main GB level parties have arrived at similar conclusions – highly targeted campaigning is most effective in terms for

delivering electoral payoffs. Financially, national spending limits have introduced opportunity costs for Labour and the Conservatives – parties must decide which campaign methods deliver most return, since what is spent on x cannot be spent on y . For the Liberal Democrats, the financial considerations are slightly different. Their much more limited resource means also introduce opportunity costs in terms of spending, but on account of their limited finances rather than spending limits. For all three parties, it makes most financial sense to spend their money in a highly selective and targeted way. For all this, however, more traditional campaign expenditure can still survive in defined geographic areas. The SNP, for example, used both billboards and press advertisements (albeit in more regionally focused newspapers in parts of Scotland) to a significant degree alongside some more targeted approaches, in part, because the party was not only in good political shape, but also in a better financial shape. So the broadcast methods are not necessarily dead at the level of the smaller nations within the UK, but at GB level, they are evidently disappearing.

But 2015 was not just about continuation. Two developments were of particular note. First of all, digital campaigning is now clearly growing in significance, both in terms of use and expenditure. 2010 may have (wrongly) hailed as a digital election, but 2015 was when it started to be a meaningful aspect. Inevitably, however, there are caveats. First, only some digital techniques attract investment, notably Facebook rather than Twitter. Second, this does not represent a revolution in campaigning, but an evolution – digital techniques complemented more traditional modes of contact, expanding rather than fundamentally changing the means by which parties interact with the electorate. Thirdly, direct mail is still the dominant form of expenditure. The second development of note was the change in Labour's financial relationship with its affiliated unions. This may have profound implications on the likelihood of party finance reform being introduced at some point in the future, perhaps putting ending the 'stop-go' approach that has previously characterised British attempts at reform (Fisher, 2015). In the meantime, Labour may face some future financial uncertainty with possibility that income from trade unions will fall significantly, not least because some members of affiliated unions may not positively state their preference for their union's political fund to support the Labour Party. Such concerns may be exacerbated by the fact that Labour's fundraising prowess from non-union sources which developed so strongly under Neil Kinnock, John Smith and Tony Blair, has declined so significantly in recent years.

The final issue is to consider the continuing utility of legislation on campaign expenditure. As things stand, party (national level) and candidate (constituency level) expenditure are regulated separately. There has always been a blurred line between the two, but this election in particular suggested that the difference was becoming increasingly cosmetic, prompting the question of whether campaign spending regulations are still fit for purpose. One solution would be to combine candidate and party spend to remove any ambiguity. Yet, the result of that would surely be a negative one, with all likely spend being focussed only on a minority of seats (and indeed, key voters within them). This suggests that there may be no ready solution without a great deal more thought. Yet, perhaps there need not be. Instead, we might simply note that rather than being wasteful as many have previously accused them of being, parties are actually increasingly skilled at spending their relatively limited resources.

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