

POLITICAL PARTY AND CAMPAIGN FINANCING IN BELIZE¹

Society for the Promotion of Education and Research (SPEAR)

I. INTRODUCTION

A) BACKGROUND

Organized political parties have been a feature of electoral politics in Belize since 1950 and have been at the center of political development. Political parties have advocated for and achieved self-government, universal adult suffrage, and political independence. Belizean political parties have a unique history of formation and progression which provides some insight into the nature of Belizean politics and the inner workings of political parties.

The People's United Party (PUP) was the first major political party formed in 1950 in opposition to the move by the British government to devalue the Belizean dollar. The issue of the devaluation of the Belizean dollar had much salience amongst workers. As a result the workers' unions became major partners of the PUP and much of the party's membership was culled from the unions. Most subsequent political parties, especially the major ones, trace their roots to the PUP.

The second party formed in Belize was the National Party of 1951. By 1958 the National Party had merged with the Honduran Independence Party (a spin-off of the PUP). Other political parties/organizations of this period included the Democratic Agriculture and Labour Party, the United Black Association for Development, and the People's Development Movement. During this period of multi-party activity, the PUP continued to dominate local politics.

The second major party in Belizean politics is the United Democratic Party (UDP). The UDP was formed in 1973 through an amalgamation of the National Party, the People's Development Movement and the Liberal Party. In 1984 the PUP was defeated for the first time by the UDP. Having won again in 1993, the UDP has been the only serious contender to the PUP since 1950.

More recent third parties have included the Christian Democratic Party, the People's Democratic Party, the National Alliance for Belizean Rights and the We the People Movement.

The two party system has become entrenched. However, this has not dissuaded political activists from forming third parties or running as independent candidates. Every general election since independence has been contested by three parties (though frequently the third party is unable to field a complete slate of candidates).

The current population of Belize is approximately 260,000. There are 127,599 registered voters. The electoral system is a parliamentary democracy based on the Westminster model.

¹ The opinions expressed in this document do not reflect the official position of the Organization of American States.

The National Assembly is comprised of a 29 seat elected House of Representatives and a 12 member appointed Senate. The official Head of State is the Queen of England, who appoints a Governor General to represent her in Belize. Other elected levels of government include City Councils, Town Boards and Village Councils.

B) PARTISAN POLITICS

Belizean society is relatively small which makes it conducive to political polarization. Political victimization remains a weapon of victorious parties. There are many ways this can take place – for example, loss of employment, lack of scholarships for students, or inability to access land, credit or other government programmes. In practice there is no clear separation between the political party and its governing administration, and so partisan politics infuses government business.

Political parties have made important contributions to Belizean political life from raising political and social consciousness to attaining independence. However, the lack of legal requirements for the regulation of political parties has slowly been undermining Belizean democracy in several ways.

Political parties are internally organized for the goal of winning elections. The major political parties have their own constitutions and regulations that govern their activities. Decisions are made by the Executive of the Central Party Council. A secretariat, supervised by a Secretary General, is another essential element of a party's governing structure. The internal hierarchy of political parties is oligarchic and dominated by men. Third parties find it difficult to fund a secretariat in the years between elections.

While political parties in Belize are internally well organized there are no external or legal regulations. Political parties in Belize are not legally required to be registered entities or to adhere to any regulations. The area of campaign financing is seriously underdeveloped. Campaign financing legislation simply does not exist, even though partisan politics and political campaigns are becoming increasingly expensive.

There is a growing recognition among the electorate that their elected politicians are beholden to donors, especially from the local private sector, but also international investors. This recognition has come about in part through media exposure (e.g. radio talk shows) but also simply because Belize is such a small, close society, it is very difficult to keep secrets. Unregulated campaign contributions enable donors to buy favors and influence. The utilization of the patron-client relationship² by political parties is one way political parties appease the general electorate.

Large contributors tend to contribute only to the two major political parties. With the high cost of running a campaign, the inability to access the media for free, the absence of public or joint financing systems and the financial dominance of the two major parties, third parties

² Vote buying has now become prevalent in Belizean politics.

and independent candidates have found it virtually impossible to mount credible campaigns, much less win an election or even a single seat.

II. NATURE OF FINANCING

A) EFFECTS OF THE FINANCING SYSTEMS

A public or joint campaign financing system does not exist in Belize. Campaign financing in Belize is a private undertaking of political parties and as such is unregulated territory. Therefore, there are no binding requirements for distribution of resources, or prohibitions and limits on financing.

Ostensibly, political parties that are able to amass a significant campaign war chest have a major advantage. The direct consequence of this arrangement is that third parties and independent candidates are not able to compete fairly and equitably in the electoral process. This further entrenches the two major political parties, and effectively limits the viable choices open to voters. Lack of funding to sustain a campaign, especially in a general election, is one reason independent and third party candidates have been consistently unsuccessful at the polls.

B) THREATS TO THE FINANCING SYSTEM

Since 1998, campaigns have become more sophisticated and better organized, particularly general election campaigns. As a result, the cost of conducting an election, usually over a 30-day period, has spiraled. Assad Shoman, former Minister of Government, wrote recently that it once was that running a campaign in a constituency cost approximately BZ\$50,000 making the national campaign about BZ\$900, 000. Today constituencies easily require “hundreds of thousands of dollars each to run a campaign, and each Party spends millions of dollars nationally in the campaign.”³ An informant from the opposition party confirmed Mr. Shoman’s estimate. However, it is important to note that some constituencies cost substantially more than others to mount a campaign. Constituencies with high profile candidates, and constituencies with candidates who are personally wealthy also see more expensive campaigns. Unfortunately, there is no way of knowing exactly how much money was spent on any given election.

Campaign contributions for both major political parties largely come from business establishments. “It is an open secret that individuals, business firms and other organizations make overt and covert contributions to political parties. However, this business of contributing to political parties is so far taboo. It cannot be discussed openly but we know it happens and in some quarters in a big way.”⁴ Since the political environment is sharply polarized, and given the small size of Belizean society, it is relatively easy to determine the political alignment of donors and businesses. However, the larger business establishments make financial and in-kind contributions to both major parties during the same election period. The base of significant contributors is comparatively small and concentrated among the economic elite (i.e. just a few

³ Assad Shoman, “No Revolution, No Reform,” *Amandala*, July 13, 2003, p. 13.

⁴ I. E. Sanchez, “Our Political Contract: Amendments and Additions,” *Second Annual Studies on Belize Conference*, SPEAR reports 4. Belize City: SPEAR. 1990. p. 67-8.

businesses and perhaps a score of private donors provide the bulk of the significant contributions).

In Belize large donors make contributions to the political party itself, which in turn distributes that money amongst its candidates. While individual candidates may raise money independently for their own campaigns, such amounts would be insignificant compared with the large donations which are received and distributed by the central powers within the party. It is in this distribution that women candidates are often slighted. The lack of financial resources available to women running for office was consistently cited as a reason why women were absent from political leadership.⁵ There is currently one woman serving in the Legislature as an Area Representative.

The lack of legislation to regulate and monitor campaign contributions means that there is no hard data to indicate the real origin of monies used to finance campaigns in Belize. Many suspect that contributions are derived from illegal activities such as money laundering, corruption, and drug trafficking. Though a public campaign financing system does not exist as such, it is popular knowledge that the incumbent government uses public resources to support its party's campaign. For instance, government vehicles are often used for transportation purposes during campaigns, public servants are also used to campaign on behalf of politicians of the ruling party, and the government press office and the printery are used in creative ways to promote the party in government. Cronyism and the patron/client dynamic are amplified during the election period. Voters are given money by politicians in the expectation of a vote.

C) QUANTIFICATION OF FINANCING

Again, the lack of a mechanism to regulate campaign financing and hold political parties accountable makes it almost impossible to accurately determine the cost of an election campaign. There is no information available publicly regarding internal party accounting or bookkeeping systems. Likewise, the various local media outlets (TV, radio, print) are not required, and do not disclose any information regarding money spent. The cost of administering an election on the other hand is borne by the taxpayers, and should be accessible public information. However, even that information is heavily guarded.

No public information is available which indicates the amounts spent by candidates, parties and other players in any election campaign. Such information is the prerogative of political parties to disclose. Political parties are under no legal obligation to release information on internal financial operations. Since no information is available it is not possible to determine the portion and absolute amount of contributions that are given in cash and in kind.

D) IMPORTANCE OF THE ISSUE IN THE COUNTRY

The issue of campaign financing, and the need for regulating legislation has garnered more attention as a result of the political consciousness raised by the political reform process of the 1990's. The Political Reform Commission, which was comprised of representatives from both major political parties and various civil society organizations, deliberated on the issue of

⁵ Adele Catzim and Michael Rosberg, Women in Politics: Seeking Opportunities for Leadership. Belize City: National Women's Commission. 2001 pp. 69.

campaign finance reform. That deliberation is a reflection of the concerns about this issue that were expressed by people during the Commission's countrywide consultations. In its report the Commission noted that "campaign finance reform was a popular theme throughout the public consultations and several calls were made to the Commission to develop recommendations to regulate campaign contributions to political parties and political candidates."⁶

Despite this the political will has been lacking. In 1998 the PUP in its manifesto committed itself to enacting campaign-financing legislation "to ensure disclosure of financial contributions to political parties and candidates and to limit campaign expenditure."⁷ However, during its tenure in office, the PUP administration did not fulfill this campaign promise. In the most recent election (2003) neither major political party committed themselves to enacting campaign-financing legislation. The UDP did pledge to create a committee "to set and monitor standards for political campaigns to limit the influence of money in deciding the outcome of elections."⁸ The major political parties have recognized the saliency of the issue of campaign financing with the electorate. However, the status quo is very entrenched and is mutually beneficial to both parties.

Media coverage of the issue of campaign finance is sporadic at best, and generally limited to election time. There has been no concerted effort by the media to cover or investigate the issue. Discussion about campaign finance in the media usually takes the form of editorials or commentaries.

III. ACCESS TO THE MEDIA

A) APPLICATION OF LAWS ON ACCESS TO THE MEDIA

Generally, the principles of free enterprise govern political parties' access to the media. There are no laws that expressly allocate media time to the political parties or political candidates.

The media in Belize is privately owned, though not necessarily independent. During an election time the atmosphere is very polarized, and it is popular knowledge in which political direction the different media houses tend to be inclined. The two major political parties own weekly newspapers that churn out party propaganda.

The media in Belize is relatively small and oligarchic in ownership and structure. The media generally reflects the polarization of Belizean society. Thus, it is not able to be a catalyst for political dialogue. Therefore, the general public views the media with much cynicism. The main problem with this market model is that third parties and independent candidates are not able to afford the cost of the volume of advertisements that has become standard during an election period. There are no laws to guarantee political parties or candidates equal access to the media, thus the major parties have an advantage since they are better able to accumulate the finances necessary to pay the market price.

⁶ Political Reform Commission, *Final Report*, (Belmopan: Government Printer, January 2000) p. 114

⁷ Manifesto of the People's United Party. *Set Belize Free: Strike 3*, Belize City: PUP. 1998 p.13

⁸ Manifesto of the United Democratic Party. *Agenda 2003*. Belize City: UDP. 2003 p. 28.

There are no laws to control institutional propaganda by government during an election campaign. Incumbent governments are notorious for using government's resources during an election campaign under the guise of disseminating government information.

There have been conflicts within the media but limited mostly to the party media organs. Oftentimes these conflicts arise out of accusations of slander and libel, and occasionally such accusations have been pursued legally with merit. It is mostly the party newspapers which test the laws on slander and libel. Freedom of expression, as guaranteed by the constitution, is generally widely respected in Belize. The media is free to do business, however, political victimization does occur from both major political parties.

The lines that separate the interests of principal donors, the media and parties are blurred. During an election campaign that separation that should provide transparency and impartiality is often obscured. As noted earlier it is standard practice for the large business firms to contribute to both parties. This practice is being utilized even more in an effort to mitigate the effects of political victimization.

B) EFFECTIVENESS OF NON-LEGAL MECHANISMS FOR ACCESS TO THE MEDIA

During a campaign period there is very little agreement between the major political parties on any issue, including conducting a clean campaign. Each party and most candidates claim, in principle, to be conducting clean, accurate campaigns. In practice however, 'mudslinging' is prevalent. Media operators do air these advertisements, with a disclaimer to absolve themselves from responsibility. Generally, there are no consensual, voluntary or self-regulatory mechanisms to ensure that campaigns are conducted in a clean manner.

The publication of surveys and the holding of electoral debates are not features of the electoral season in Belize. Political parties and candidates in Belize are averse to political debates in particular, and thus it has been impossible to plan a debate even though there have been several failed attempts.

Access to production of high quality advertisements is dependent on access to finances. Again third party and independent candidates are at a severe disadvantage, and often rely on low budget, poor quality advertisement, and direct contact with voters. Lack of access to the media, and to the production of high quality advertisements is a significant factor in the failure of third party and independent candidates at the polls.

C) QUANTIFICATION AND DESCRIPTIONS OF SPENDING ON THE MEDIA

Since political parties and their candidates are under no legal obligation to account for how campaign funds are spent, there is no data available to indicate how much money, aggregated or disaggregated, is spent on the media. Though political parties invest in propaganda, both direct and indirect, they do not invest in surveys or debates.

Media operators claim that there are no differences in advertisement prices offered to political parties. However, it is widely suspected that media operators often make in-kind contributions to their favorite political party and candidates. During a campaign period media operators make more money than at almost any other time. The prices for advertisements are relatively uniform and competitive.

D) CONTROL CAPACITY OF THE AUTHORITIES

Since there are no laws mandating access to the media, monitoring that access is not a function of the Elections and Boundaries Commission. Therefore, there are no mechanisms in Belize, nor is there a requirement of technical capacity to ensure access to the media.

IV. DISCLOSURE AND ACCOUNTABILITY

A) STATUS OF REGULATORY POLICIES AND OTHER INFORMATION MECHANISMS

In Belize, political parties and candidates do not disclose the sources and amounts received from contributors. This is simply because there is no legislation obligating them to do so, nor is there a culture of transparency or public pressure to disclose the source of campaign contributions. The status quo of non-disclosure is entrenched and is of mutual benefit to the politicians and the contributors.

There are no other non-legal mechanisms through which political parties or candidates disclose the source of their campaign funds. In practice, political parties and candidates do not voluntarily disclose such information either. Political parties in fact are particularly secretive about who contributes, how much is contributed and how the monies are spent. There are relatively reliable suspicions, but the unavailability of hard data makes it impossible to make direct accusations. The secrecy is particularly important to the political parties and the contributors because in a significant number of cases the funds from contributors may have questionable origins.

B) AUDIT AND MONITORING OF FINANCIAL REPORTS

There is no legislation mandating disclosure, and therefore there is no authority to monitor and audit reports. Neither are there temporary or permanent mechanisms. There is also no legislation mandating political parties to register, or which regulates their activity in any way, therefore no public accounting is required. As a result there has been no test case in which legal proceedings would be initiated.

C) TIME FOR DISCLOSURE AND PUBLIC ACCESS

Since there is no requirement of disclosure in Belize, there is no information about the source of the campaign finances or how it was spent. Such information is kept by the political parties as internal records, and is virtually impossible to access.

V. Effective application or enforcement of political financing systems

A) QUANTITY AND QUALITY OF EXISTING LAWS

No aspect of political financing is regulated in Belize. There is growing recognition among the public and civil society that there is a dire need for campaign financing legislation.

B) NATURE, CAPACITY, AND OPERATION OF REGULATORY AGENCIES

In the case of Belize there are no regulatory agencies. Therefore, the associated structures are also absent, which would include such mechanisms as electoral tribunals. Generally, and despite the absence of campaign financing laws, the public and the political players have confidence and trust in the integrity of the electoral officials and the administration of elections.

C) STRUCTURE AND APPLICABILITY OF ENFORCEMENT MECHANISMS AND PENALTY SYSTEMS

There is no systematic monitoring based on complaints, random auditing or joint systems. As a consequence the public does not know precisely who is contributing how much to which political party or candidate. Thus, there is ample room for direct and indirect corruption. Disclosure is not required by law. Political parties in Belize are not legally registered entities, and as such are not obligated to release financial records on internal party transactions.

D) CULTURE OF COMPLIANCE WITH, AND CONTROL OF PUBLIC MONIES

There is a culture among the political players of deliberately ignoring the public's demand for campaign-financing legislation. As noted before the major political parties have promised campaign-financing legislation, but have reneged on their promises.

The levels of corruption which now exist have become so entrenched that all the players, both politicians and business-people, stand to lose too much by reforming the system. Politicians receive the finances necessary to conduct successful campaigns, and business people benefit from government largesse.

Civil Society has attempted to defend the public's interest on the issue of campaign finance reform, most notably through the Political Reform Commission which was composed almost entirely of civil society organizations. The Commission highlighted the issue for government action, but no action has yet been taken. Additionally, the Society for the Promotion of Education and Research (SPEAR) has facilitated research and discussion on this issue at one of its Studies on Belize Conferences. SPEAR has maintained a sustained interest in this area, and plans to do direct work in the area of regulation of political parties, which would include campaign financing.

VI. CONCLUSION

The political reform process has given recognition and urgency to the need for campaign financing legislation. The experience in Belize has been that the lack of legislation to regulate political parties and campaign financing has not just threatened but also undermined Belize's new democracy. People's confidence and trust in the democratic institutions has steadily eroded. Government is more responsive to the needs of its business donors than to the needs to the people, especially the poor – to the detriment of economic development.

Effective campaign financing legislation continues to elude most states, even those which have experimented with various models and hybrid types. The experience in the Caribbean also indicates the difficulty of implementing good campaign financing legislation. Only a few states have some form of campaign financing legislation. In these cases the legislation is not effective because mechanisms for monitoring, mandating reports, and ensuring compliance are weak, and ignored by the political parties.

The Political Reform Commission briefly outlined several possible and widely used methods of tackling the issue of campaign financing:

While the Commission did not receive detailed proposals for mechanisms to regulate campaign financing during consultations, it did receive general suggestions that it considered. These include (a) regulation through the limitation of contributions to parties and candidates (b) regulation through limitation on spending by political parties and candidates, (c) a total ban on private financial contributions and an introduction of publicly funded campaigns, (d) limitation on the length of the campaigning period, and (e) requiring the media to provide free advertising as a public service.⁹

Perhaps a combination of limitation of contribution to parties and candidates coupled with requiring the media to provide free advertising as a public service could be applied in Belize. As the Commission itself noted, it appears unlikely that the Belizean people would support the use of public monies to fund campaigns.¹⁰ The Commission also did not think that media operators would agree to “give up one of its largest sources of income.”¹¹

The Commission instead believed that limiting the amount that political parties can spend and limiting the length of the campaigning period would be the most effective strategies to regulate campaign financing. The Commission reasoned that a limited campaigning period would help in itself to limit the amount spent – and limiting spending would in turn have a limiting effect on contributions. In Belize, political parties do not just spend money on campaign staff, advertising and rallies but also on directly giving money to voters. Therefore, the absorptive capacity is high, and limiting the campaign period may not have the desired effect on limiting spending. Additionally political parties may spend money through non-political groups even before the election period in the form of public service advertisement – here the incumbent would have an advantage (this was done by the PUP in the last election cycle).

⁹ Political Reform Commission, Final Report, (Belmopan: Government Printer, January 2000) p. 114

¹⁰ *ibid.* pp. 115

¹¹ *ibid.*

Limiting contributions and requiring the media to provide free advertising, though not fool proof, would be a good strategy for regulating campaigning financing. Regulating campaign financing through limiting contributions would entail, *inter alia*, dictating contribution ceilings, and disclosing contributions and contributors. The cost of advertising is a large part of a campaign budget. Requiring the media to provide free advertising as a public service would help to lower cost of conducting a campaign. It would also level the playing field for third parties and independent candidates.

The most significant obstacle would be resistance from all the stakeholders, except the people. Candidates, political parties and contributors would all oppose this measure since all benefit handsomely from the *status quo*. An incremental approach would probably be most effective, though the barriers and resistance that will be encountered cannot be overstated. Media operators will undoubtedly mount resistance to this proposal. During the last general elections the Belizean public had to endure a relentless onslaught of advertisements from the two major political parties. Requiring the media to provide free advertisement will in turn result in allotment of time for political advertisement.

As with the experience in other countries which have campaign financing legislation, ensuring compliance, and closing loopholes are almost impossible tasks. The incentives for breaking the rules, on the part of the parties and the contributors, are enticing. Changing the political culture in Belize will be a necessary aspect of this reform. Transparency and accountability need to have a greater part in Belizean political culture.

The two major political parties have both expressed their support for campaign finance reform. However, neither party has during their governing term acted to introduce and pass legislation to regulate campaign financing. Like political reform, the role of civil society will be critical in getting campaign financing legislation on the government's agenda.