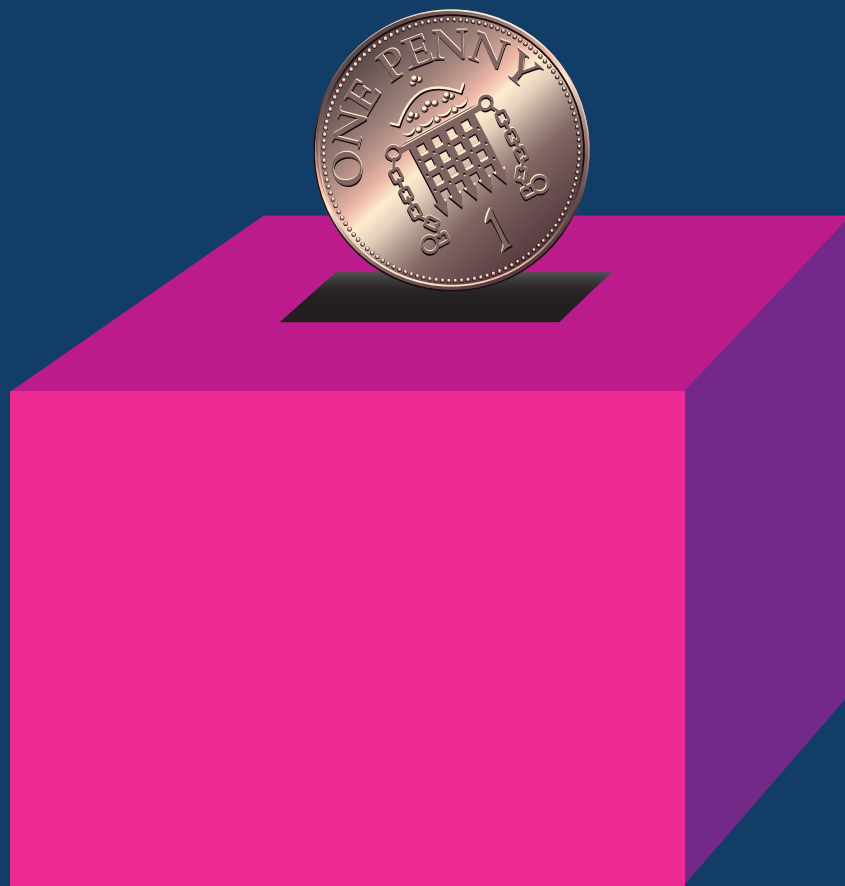

Penny for your vote?

Counting the cost of an unfair electoral system

Chris Terry

**Report &
Analysis**



☐ Electoral
☐ Reform
☐ Society

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Introduction

It is a basic principle of democracy that all votes should hold equal value. But in Britain, the cash value of an individual's vote varies wildly depending simply on where they live. This report demonstrates for the first time the huge differences in the amounts that parties spend on attracting votes. Through an analysis of spending at the 2010 general election, we show that British politics has become the **ultimate postcode lottery**: in cash terms, voters living in safe seats are hugely undervalued in comparison with those living in marginal seats.

both of these factors need to be addressed. We need properly and sustainably funded political parties incentivised to campaign across the country, not just in a few fiercely contested seats. We need a party funding system that recognises the crucial role that parties play in mobilising voters. And we need an electoral system that values each voter equally no matter where they live.

OUR KEY FINDINGS:

- The amount of money spent on winning a single vote varies between £3.07 and 14p. In other words, **some voters are valued 22 times more than others**
- The amount of money spent by candidates has a **direct impact** on the likelihood that people will turn out to vote
- In 195 seats (30% of the total), **no money was spent by any candidate** on public meetings
- **348 candidates (8.6% of the total) spent no money at all on their campaigns.** These included four Conservative candidates, four Labour and 20 Liberal Democrats

These findings demonstrate how all **votes are not, after all, created equal**. The degree to which votes are valued depends almost entirely on where those votes are found. Parties target their scant resources where they are most likely to have an effect, meaning that voters in safe seats – of any or no allegiance – are effectively ignored, even at election time.

This inequality is driven by two factors: the financial constraints and uncertainties afflicting political parties; and Britain's outdated electoral system. If we are going to redress the imbalance,

Background

1. Wilks-Heeg, Stuart and Crone, Stephen *Funding Political Parties in Great Britain: a Pathway to Reform*, pp9-10 <http://democraticaudituk.files.wordpress.com/2013/06/2010-party-funding.pdf> (2010)

2. See <http://www.electoralcommission.org.uk/elections/election-spending/party-campaign-expenditure>. Full Methodology in Appendix 1.

Today's elections are controlled by parties. It is common to talk of safe and marginal seats, but the impact of whether a seat is safe or marginal is not just seen in parties' chances of winning or losing. It also affects the way those parties campaign. **A safe seat can be safely ignored**, secure in the knowledge that the chances of it switching hands are slim. It is only the marginal seats that attract real attention in terms of campaigning activity and resources.

The work of modern elections is primarily about targeting. This is for the logical reason that parties broadly wish to apply minimal effort for maximum gain. Seats are targeted by all parties, often with ruthless efficiency.

And that is partly because parties have strained resources. Targeting does not necessarily imply that parties do not care about voters in safe seats, but more that they cannot spare the resources to spend on them. **Where once, in the 1950s, parties had one member for every 11 voters, now it is closer to one for every 100.** While there is more money in politics than ever before, parties are increasingly reliant on a small and unreliable pool of donors. This has resulted in a spending arms war, but also increased short-term financial difficulties for parties¹.

These financial pressures, combined with an out-of-date electoral system, create a clear logic in favour of ignoring safe seats and focusing on marginal ones. This report attempts to measure that effect.

But what is the best way of measuring the effect of targeting? For the voter, the experience of being targeted involves receiving more leaflets, seeing more door-knocking activists and generally witnessing a superior campaign. In some ways, this is difficult to measure. But it all costs money. In a sense, money is the most objective measure of party campaigning because

£1 has the same value for all the parties, and we can measure their spending across the length and breadth of Britain.

By using the Electoral Commission's data² from the 2010 general election, we are able to expose how money is spent in general election campaigns in the UK. The report demonstrates how our outdated first-past-the-post voting system encourages parties to all but ignore great swathes of the electorate when it comes to spending money, and how this contributes to lower turnout and voter disengagement. **We show that the value of your vote depends almost entirely on where you live.**

Most valued

3. BBC News, 'Margaret Moran took £53k in false MP expenses' 13 November 2012, <http://www.bbc.co.uk/news/uk-eng-land-20309090>

The ten seats which attracted the most amount of money per vote cast tell us a lot about the way parties campaign in our outdated electoral system.

the BNP, UKIP, the Greens and the Workers Revolutionary Party, included five independents. One of those was Stephen Rhodes, a former local radio presenter. Another was Esther

The ten most valued seats

Constituency Name	Rank	Total Spend	Votes	Spending Per Vote
Luton South	1	£129,687	42,216	£3.07
Aberconwy	2	£65,450	29,966	£2.18
Barking	3	£97,862	45,184	£2.17
Poplar and Limehouse	4	£99,766	46,533	£2.14
Northampton North	5	£83,437	40,271	£2.07
Hampstead and Kilburn	6	£106,709	52,822	£2.02
Buckingham	7	£96,341	48,335	£1.99
Norwich South	8	£94,665	47,551	£1.99
Brighton, Pavilion	9	£102,949	51,834	£1.99
Bethnal Green and Bow	10	£98,622	50,138	£1.97

These seats were either three-way marginals, or seats which had been targeted by a third party or independent, or both.

Ranked far and away at number 1 is **Luton South**, where votes cost £3.07 each, 89p more than Aberconwy, their closest competitor.

The seat had been home to the Labour MP Margaret Moran, who eventually stood trial for her expenses claims with a jury ruling she had falsely claimed £53,000³. That drama encouraged parties to believe that the seat was wide open, despite Labour's 14.5% margin of victory at the previous election. The seat had been a Conservative one until 1997, so they fought hard to regain it. The Liberal Democrats also poured in substantial sums, spending £21,015 in a seat where the party had come a decent, but not close, third in 2005. For their efforts the Liberal Democrats gained a mere 0.1% of the vote. As well as strong funding from the big three parties, Luton South also attracted 12 candidates in total, which in addition to

Rantzen, the former journalist and television presenter whose campaign spent more money, in total, than the Liberal Democrats, coming in at £12.92 per vote. Labour held the seat.

Aberconwy was a tight Labour/Conservative marginal. As Plaid Cymru and the Liberal Democrats were both within a ten-point swing as well, it was, just about, a four-way marginal. Oddly, Labour spent only £7,689 in a seat they held that was at risk. The Conservatives spent £23,022 and the Liberal Democrats, in third, spent £6,991. Fourth-placed Plaid Cymru spent the largest amount in the constituency, at £24,368. In the end the Conservatives won the seat with a majority of 11.3%.

Barking, Poplar and Limehouse, Brighton Pavilion and Bethnal Green and Bow were all seats where Labour was attempting to defend against minor parties: the BNP in Barking, the Greens in Brighton Pavilion and Respect in both Poplar and Limehouse and Bethnal Green and

Bow. These seats benefited not only from high spending by the minor parties, but also from large amounts of Labour resources, perhaps demonstrating the party's concern about being challenged in areas usually thought to be safe Labour. These seats were all held by Labour, except Brighton Pavilion which elected the Green Party's first MP, Caroline Lucas.

Northampton North, Hampstead and Kilburn and Norwich South were all seats which could theoretically have been won by any of the big three, though perhaps Northampton North was a longshot for the Liberal Democrats and Norwich South was more favourable to the Conservatives than their spending suggests. Norwich South was also targeted by the Greens, whose then deputy leader, Adrian Ramsay, ran in the seat. They achieved their second-best result in the UK, receiving 14.9%. Northampton North was gained by the Conservatives, Hampstead and Kilburn was held by Labour with an extremely tight majority of 42 and Norwich South was gained by the Liberal Democrats with another tight majority of 310.

Lastly Buckingham was the seat of the House of Commons Speaker, John Bercow. In a sense it is a surprise to see Buckingham in the top ten, as generally the major parties do not run against the Speaker. However, controversy regarding Bercow's expenses led to two notable challenges to the Speaker. Firstly, Nigel Farage, the then former UKIP leader (Farage would retake the leadership post-election) ran a campaign which spent £20,020. An independent – a former Conservative MEP – also ran a campaign under the title 'The Buckinghamshire Campaign for Democracy' which spent £40,673. Forced to defend his seat, Bercow's campaign spent £22,029. This unique contest thus cost £1.99 per vote. Bercow held the seat.

Least valued

Whereas the top ten most valued seats were a set of highly competitive races, often featuring well-funded, independent and minor party campaigns, the least valued seats barely registered on the parties' financial radars.

Leeds East saw the Liberal Democrats outspent by the Alliance for Green Socialism, who spent £912 compared to their £712. £3,635 was spent by Labour and £2,247 was spent by the Conservatives.

The ten least valued seats

Constituency Name	Rank	Total Spend	Votes	Spending Per Vote
Bootle	650	£5,907	41,277	£0.14
Ruislip, Northwood and Pinner	649	£9,260	50,205	£0.18
South Leicestershire	648	£10,474	54,577	£0.19
Halton	647	£7,906	40,110	£0.20
Sheffield, Heeley	646	£8,087	40,871	£0.20
Knowsley	645	£9,234	44,658	£0.21
Leeds East	644	£7,907	37,813	£0.21
Ashton-under-Lyne	643	£8,555	38,432	£0.22
Makerfield	642	£10,127	43,771	£0.23
Beckenham	641	£11,055	47,686	£0.23

Unsurprisingly, all these are safe – often ultra-safe – seats: Bootle, Halton, Sheffield Heeley, Knowsley, Leeds East, Ashton-Under-Lyne and Makerfield for Labour; Ruislip, Northwood and Pinner, South Leicestershire and Beckenham for the Conservatives.

Bootle has been held by Labour at every election since 1945. Labour's majority there is 51.3% and the party had to spend a mere £3,944 to secure it. Of the other parties, the Liberal Democrats spent £1,063, and the Conservative Party spent nothing.

In Ruislip, Northwood and Pinner the Conservatives spent £5,190. Labour spent £1,435 but, oddly, this was entirely in the long campaign and they spent nothing during the short campaign (the six-week period leading up to election day).

Oddly, the Conservatives were the highest-spending party in Ashton-Under-Lyne, despite it being a Labour safe seat, held by the party since 1935. The Conservatives spent £3,948 compared to £3,118 for the incumbent Labour. The Liberal Democrats spent £589. The fact that Labour retained the seat with a majority of 23.7%, despite being outspent by the Conservatives, just goes to show how little incumbent parties have to do to hold safe seats. The contrast between these two sets of seats is startling. **The campaigns spent almost 22 times as much in Luton South as they did in Bootle, vividly demonstrating the inequities of our first-past-the-post system.**

BOOTLE

14p
PER VOTE



LUTON SOUTH

£3.07
PER VOTE



Hitting the target

To see the sharp contrast endemic in our democracy between those areas that count and those which do not, it is helpful to contrast those seats which produced the 50 closest and the 50 least close results in 2010. Seats which are highly competitive tend to attract high levels of spending from the parties, and high levels of campaigning activity such as advertising, leaflets and public meetings. By contrast, uncompetitive seats often see dismal levels of overall spending, and occasionally no money at all spent on advertising and public meetings.

In 195 seats (30%), no money was spent on public meetings by any candidate. In these seats, the average majority was a handsome 22.1% – almost four points higher than the average of 18.4%. And turnout was 63.9%, 1.2% below the national figure.

In five seats (Ruislip, Northwood and Pinner, Sheffield Heeley, East Ham, Sheffield Brightside and Hillsborough, and Knowsley) no money was spent on advertising. The majorities in these seats range from 14.2% (the only one of the five

	Average 2010 Majority	Average Spending per Vote	Spending on Advertising per Vote	Spending on Leaflets per Vote	Average Spending on Public Meetings
Top 50 closest	1.3%	£1.31	£0.10	£0.95	£324.53
Top 50 least close	41.9%	£0.50	£0.06	£0.33	£175.40

The top 50 seats ended up with an average majority of only 1.3%, while the bottom 50 had a majority of 41.9%. **Average spending per vote in the top 50 was 162% higher than in the bottom 50.** Spending on advertising per vote was two-thirds higher, and spending on public meetings was 85% higher. Average spending per vote on leaflets was 188% higher in the closest 50. This is based on the most simplistic analysis – these simple majorities only tell us where two parties were close together. They do not tell us where there were three-way or even four-way marginals or strong challenges from minority party and independent candidates. Therefore, there may be seats outside the top 50 which were competitive between three or more candidates, making the contrast between the most competitive and least competitive seats even greater.

with a majority smaller than 35%) in Sheffield Heeley up to 57.5% in Knowsley.

Of these five seats, only Knowsley saw any spending on public meetings, at a grand total of £40. So **there were four seats in which no money was spent on public meetings or advertising** – only on leaflets.

There was no seat in which no money was spent on leaflets. However, in Bedfordshire South West, a Conservative safe seat, no money was spent on leaflets in the entirety of the short campaign.

Paper candidates

The highest spending campaign overall was that of the Conservatives in the marginal seat of South Ribble, who spent £41,700 and managed to gain the seat with a swing of 8.1%. Labour threw £15,189 into the campaign, and UKIP spent £14,688. But while highly contested seats such as South Ribble enjoyed lavishly funded campaigns, **there were 348 candidates (of the 4,031 who filed expenses) who claimed to have spent nothing at all on their campaign.** Whilst the vast majority of these were independents or minor party candidates, it also includes people who can only be described as ‘paper candidates’. (The Liberal Democrats in Barnsley Central, the Conservatives in Motherwell and Wishaw, and Labour in South East Cornwall were extremely unlikely to be elected, and likely only stood to give their parties a full coverage of seats.)

In all, four Conservative, four Labour, and 20 Liberal Democrat campaigns spent no money whatsoever. The candidacies in question are below. The fact that the Liberal Democrats have five times as many candidates in this category is probably just as much to do with their relatively cash-strapped status (see p17) and a smaller pool of potential candidates and activists to draw from than any particular targeting on their part.

Paper Candidates – Major party constituency branches that spent no money in 2010

Constituency	Party
Arfon	Conservative and Unionist Party
Banff and Buchan	Labour Party
Barnsley Central	Liberal Democrats
Bootle	Conservative and Unionist Party
Coatbridge, Chryston and Bellshill	Liberal Democrats
Copeland	Liberal Democrats
Cumbernauld, Kilsyth and Kirkintilloch East	Liberal Democrats
Dwyfor Meirionnydd	Labour Party
Hertsmere	Liberal Democrats
Heywood and Middleton	Liberal Democrats
Hyndburn	Liberal Democrats
Kilmarnock and Loudoun	Liberal Democrats
Lanark and Hamilton East	Liberal Democrats
Llanelli	Liberal Democrats
Makerfield	Liberal Democrats
Motherwell and Wishaw	Conservative and Unionist Party
Motherwell and Wishaw	Liberal Democrats
Na h-Eileanan an Iar	Conservative and Unionist Party
North Ayrshire and Arran	Liberal Democrats
Preseli Pembrokeshire	Liberal Democrats
Rother Valley	Liberal Democrats

4. See, for instance, the West Morning News, March 2010, <http://www.thisis-devon.co.uk/MANDELSON-VOTE-LIB-DEM/story-11397424-detail/story.html#axzz2apEFqC4Q>,

Ruislip, Northwood and Pinner	Liberal Democrats
Sheffield, Brightside and Hillsborough	Liberal Democrats
Sherwood	Liberal Democrats
South East Cornwall	Labour Party
West Dunbartonshire	Liberal Democrats
Winchester	Labour Party
Ynys Môn	Liberal Democrats

It is unsurprising that in all of these constituencies, the party in question performed poorly and was also weak before the contest.

Some of these cases can partly be explained by the fact that the constituency in question is quite remote, for example the island seats of Na h-Eileanan an Iar (The Western Isles/Outer Hebrides) in Scotland and Ynys Môn (Anglesey) in Wales. The vast rural Welsh seat of Dwyfor Meirionnydd may also come into this category. In areas like these, parties are often weak in general; independents control local government rather than partisans, and politics tends to be more personality-driven and casework-based.

These constituencies are also small. Na h-Eileanan an Iar is the smallest electorate in the UK, five times smaller than the largest (the Isle of Wight). Nonetheless, the parties putting up paper candidates in these seats are still weak in these constituencies, even considering their isolation and small size. The Conservatives in Na h-Eileanan an Iar only won 647 votes, a mere 4.4% of the vote, losing their deposit and coming fifth – their worst performance in the UK. The Conservatives have not won more than 10% in the seat (which has become an SNP/Labour marginal) since 1979,

though this is only the second time it has lost its deposit (the first being in 2005).

Similarly the Liberal Democrats have come in fourth – and once even fifth – at every election they have contested in Ynys Môn, a Labour/Plaid Cymru marginal which was held by the Conservatives in the 1980s.

Dwyfor Meirionnydd and Arfon, the two other Plaid Cymru seats besides Ynys Môn, also feature on the list – the former for Labour and the latter for the Conservatives. These are rural North West Wales seats, similarly isolated like Ynys Môn.

Not so isolated, however, are Winchester and South East Cornwall – two of the other seats where Labour spent no money. The latter directly borders Plymouth, where Labour is strong. Both these seats, however, are tight Liberal Democrat/Conservative marginals. Labour only just kept their deposit in Winchester in 2010, winning 5.5%. As well as their poor chances, Labour spending here may reflect a preference for targeting Liberal Democrat rather than Conservative MPs, as expressed by Labour figures such as Peter Mandelson⁴ in the run-up to the 2010 election. Another reading may be that these are areas where the Liberal Democrats have essentially squeezed out Labour and become the only viable anti-Conservative vote. Nonetheless, the total lack of spending by Labour in these constituencies is yet another illustration of the effects of first-past-the-post, forcing voters into tactical voting and squeezing out challenger parties.

Finally, the Labour paper candidate in Banff and Buchan, an SNP safe seat, was formerly held by Scottish First Minister Alex Salmond. Labour had come fourth there in 2005, though managed to beat the Liberal Democrats to third place in 2010 despite their complete lack of spending.

The Conservative candidacy in Bootle spent no money as well. It is unsurprising to see Bootle on this list considering that, per voter, the lowest amount was spent in this constituency in 2010. Bootle is an ultra-safe Labour seat, and the party came 57.5% ahead of the Conservatives. The seat was once Conservative, held by former Prime Minister Andrew Bonar Law. But Bootle has not been won by the Conservatives since 1935.

Both the Conservatives and the Liberal Democrats spent no money at all in

Motherwell and Wishaw, a central-belt Scottish seat that is ultra-safe for Labour. The fact that only Labour and the SNP spent money here demonstrates the disenfranchisement caused by first-past-the-post. The system allows half the major party candidates in a constituency to spend no money on campaigning at all.

The Liberal Democrats ran a string of paper candidates in Scottish central-belt Labour safe seats like these: Coatbridge, Chryston and Bellshill, Cumbernauld, Kilsyth and Kirkintilloch East, Kilmarnock and Loudoun, Lanark and Hamilton East, North Ayrshire and Arran and West Dunbartonshire. Only in North Ayrshire and Arran did Labour receive less than 50% of the vote, and this was a relatively poor year for the party. No wonder the Liberal Democrats sat these contests out.

Other Liberal Democrat paper candidates ran in the Northern safe Labour seats of Barnsley Central, Copeland, Heywood and Middleton, Makerfield, Rother Valley, and Sheffield, Brightside and Hillsborough. Surprisingly, the Liberal Democrats still managed 20% of the vote in the latter seat, coming second – perhaps due to Liberal Democrat strength in the rest of Sheffield, particularly in Nick Clegg's seat of Sheffield Hallam.

Llanelli, a Welsh valley seat held by Labour since 1918, and Preseli Pembrokeshire, a rural Conservative-held Welsh seat, also make the list for the Liberal Democrats. Hertsmere, Hyndburn, and Ruislip, Northwood and Pinner, are all safe Conservative seats. The final seat, Sherwood, was a Lab/Con marginal which the Conservatives won by 0.4%. However, the Liberal Democrats won less than half the votes of the Conservatives in 2005.

Interestingly, Liberal Democrat paper candidates seem to win higher votes than their Conservative or Labour equivalents. This probably does not indicate any particular Liberal Democrat popularity, but rather, is likely to be a facet of the Liberal Democrats' particularly spread-out vote and the effect in the 2010 short campaign of so-called 'Cleggmania'.

The sheer number of paper candidacies illustrates the problems created by unstable sources of funds for parties and our outdated electoral system. **They show that parties, despite claims to represent the whole country, are incentivised to effectively abandon whole sections of it.**

Turnout and spending

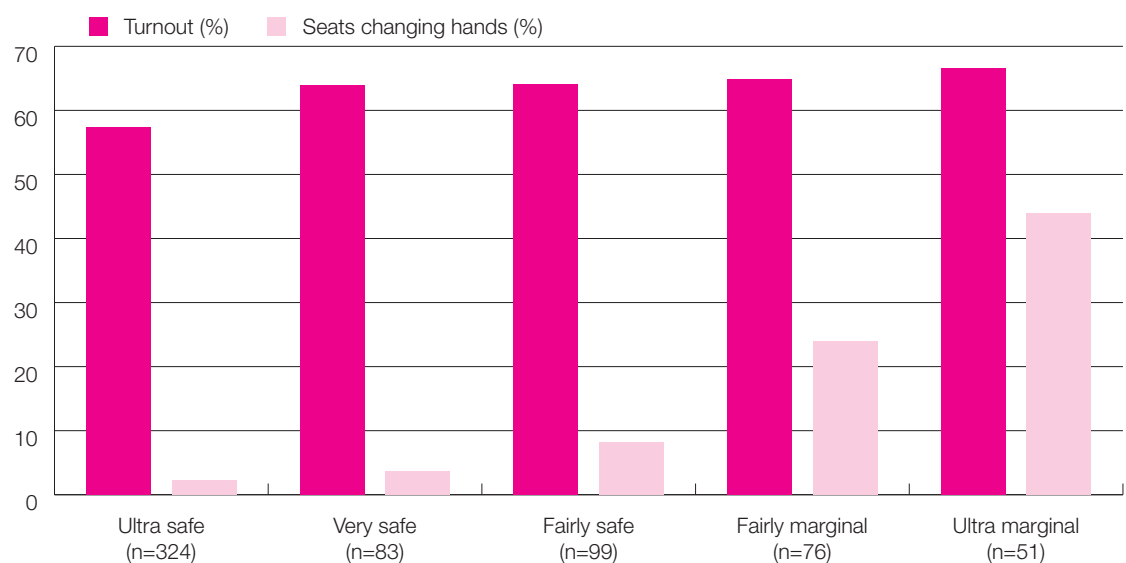
5. Sourced from <http://demaudituk.wpengine.com/wp-content/uploads/2013/07/auditing-the-uk-democracy-the-framework.pdf> on 24/07/13

6. For instance, see the work of Alan Gerber in the US such as *Grassroots Mobilization and Voter Turnout in 2004* by Bergan, Gerber, Green and Panagopoulos (2005) in *Public Opin Q* (Special Issue 2005) 69 (5): 760-777 or work in the UK such as that of the Electoral Commission's 2005 campaign analysis (available here: http://ec.clients.squiz.co.uk/_data/assets/pdf_file/0006/47283/TheGeneralElection2005CampaignAnalysisReportFINAL_19223-14162_E_N_S_W_.pdf) by Fisher, Fieldhouse, Denver, Russell and Cutts which demonstrated a link between stronger constituency campaigns and turnout.

There is a significant body of work linking the marginality of seats to the likelihood that people will turn out to vote.

In 2005, turnout in the safest group of constituencies was, on average, 9.2% lower than in the most marginal constituencies (see graph below).

Turnout vs marginality, 2005⁵



This report demonstrates how marginal seats attract more funding than safe ones. Marginal seats are targeted with leaflets, public meetings, additional activists, appearances by prominent politicians, and by phone bankers.

more campaigning, the stronger the cumulative effect of the cues and the more people will turn out to vote.

There is a great body of political science literature demonstrating that such contact also boosts turnout⁶. The logic for these boosts in turnout is fairly clear. A member of the voting public who receives and reads a leaflet will be reminded of the election. They will receive information about it and be encouraged to vote. Campaigning, therefore, acts as a cue to turn out to vote. The

7. See Appendix 2
for full results

All this costs money. More money means more leaflets, more public meetings and more staff to co-ordinate volunteers. It is not exactly the case that money itself drives turnout, but rather, that the things the money pays for make people more likely to vote.

An analysis⁷ of total spending in constituencies in 2010 against turnout shows a statistically robust and solid correlation between spending more money and people turning out to vote. Combining this correlation with existing political science literature is enough to create an inarguable case that more spending drives up turnout.

The problem of unequal spending by parties is a problem for our democracy. Voters in safe seats are less likely to have resources spent on attracting their vote, and are, therefore, less likely even to turn up at the polling booth. As voter disengagement becomes a more and more pressing problem, so does the inequality of party spending, and so does the voting system which incentivises parties to target their resources so ruthlessly.

Conclusion

8. Wilks-Heeg, Stuart and Crone, Stephen *Funding Political Parties in Great Britain: a Pathway to Reform* 2010, pp9-10 <http://democraticaudituk.files.wordpress.com/2013/06/2010-party-funding.pdf>

9. Ibid.

10. Ibid.

11. For instance see 'Ed Miliband to go head to head with unions with vote over Labour reforms at special conference', Independent, 22 July 2013 <http://www.independent.co.uk/news/uk/politics/ed-miliband-to-go-head-to-head-with-unions-with-vote-over-labour-reforms-at-special-conference-8726908.html>

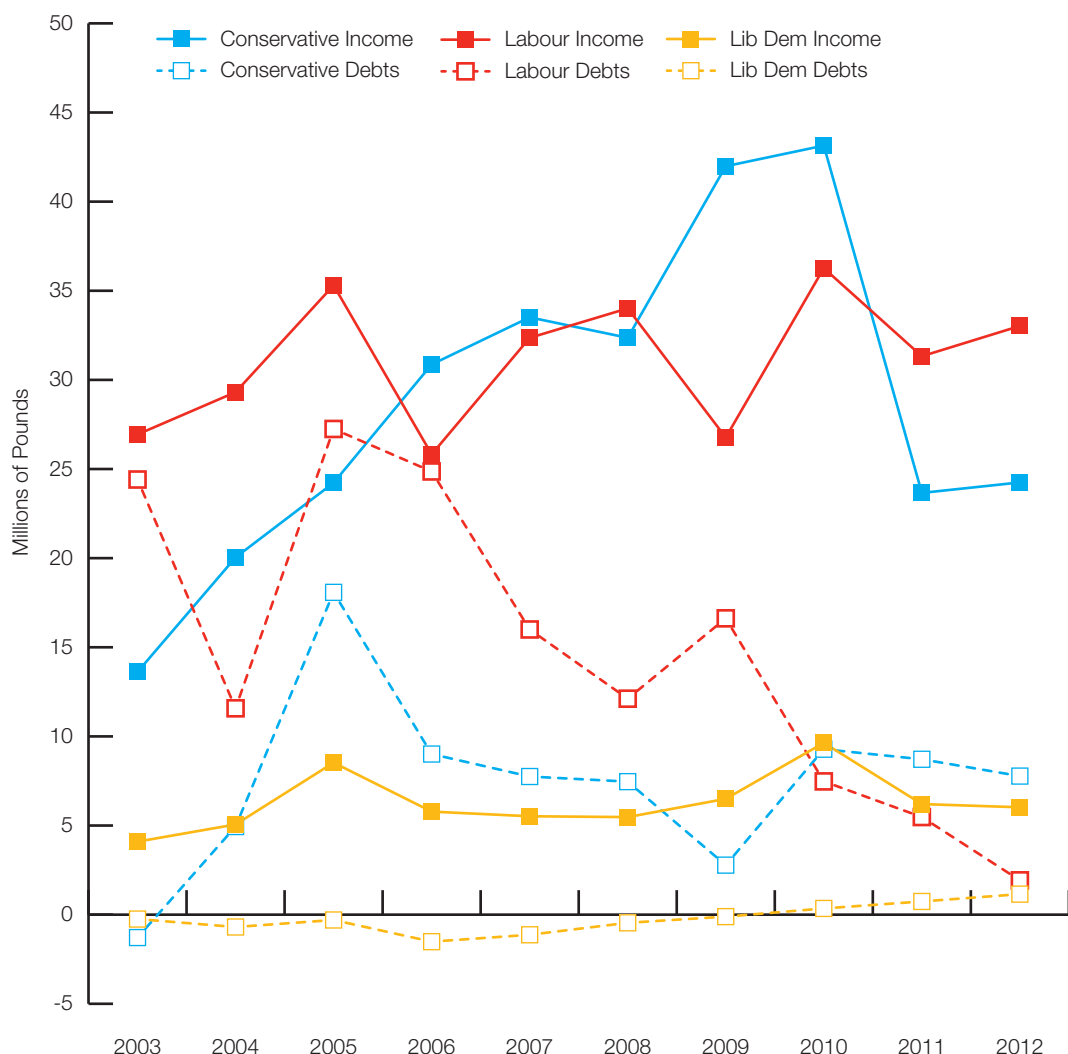
12. Available at <http://www.electoralcommission.org/party-finance/party-finance-analysis/party-finance-analysis-accounts>

13. Short money and Cranborne money are public funds received by opposition parties to help with their administrative costs with which they are at a disadvantage compared to government parties. Short money is paid to parties in the Commons, Cranborne money to parties in the Lords.

Today's political parties live in increasingly straitened and volatile times. The era of the mass-membership party is over, and although membership subscriptions have never been a major part of parties' income⁸, their decline only helps to encourage the rise of the big donor culture. In recent years, there has been a growth in reliance on unstable sources of funds such as individual wealthy donors, which have been at the heart of many concerns about 'sleaze'. Such individual donors accounted for 25-60% of the

two largest parties' incomes⁹ in 2005-2009. For Labour, union contributions accounted for 26%¹⁰, but even this traditionally more stable source of funds looks set to change in the near future.¹¹

The graph below illustrates the spending arms race, based on the three main parties' account submissions to the Electoral Commission between 2003 and 2012¹². It shows the parties' income and accumulated debts during that period.



It is clear from this graph that income tends to peak around election time, as does debt. This is not surprising. What is perhaps surprising, is the sheer level of debt compared to income. Both the Conservatives and Labour saw their debts peak in 2005 (an election year), with Labour accumulating £27m in debts by the end of that year, and the Conservatives accumulating £18m. In both cases this was close to their incomes for that year. The Labour Party's debts are particularly illustrative of the problems of the spending arms race. Having racked up such large debts in 2005, the party is only now beginning to pay them off. Unusually, in 2010, it paid off some of its debt during an election year.

Labour's higher income over the Conservatives in the early 2000s demonstrates its dominance during those years. The Conservative Party's accounts show a certain volatility, likely reflecting the changing fortunes of the party.

The Liberal Democrats' funding is obviously much smaller than that of the larger two parties, and the party has been digging itself into debt since 2006. It used to have assets of £1.5m, but now has liabilities of £1.1m. Part of this is no doubt due to the withdrawal of the Short and Cranborne money¹³ after 2010, when the party entered government. Unusually, it has also been accumulating debt outside of election years. If the party continues on this path, it could suffer a serious financial crisis.

This analysis clearly demonstrates that parties can and do fall into substantial monetary problems. The volatility of parties' income streams also demonstrates the serious risk of a party funding system which is so dependent upon big money – it can become unsustainable, and wealth can quickly turn into poverty. Parties that are dependent for as much as 60% of their funds from individual

donors are very much at risk if those donors decide to withdraw their funding.

This report has demonstrated the way in which parties target their funds; in doing so they can drive themselves into substantial debt. Elections are not run on an equal playing field, as the party considered to be 'up' often has a much healthier balance sheet. And **this leads to the disenfranchisement of millions**, as parties target more and more marginal seats where the result is in question.

This is a logic that is created by Britain's first-past-the-post electoral system. As first-past-the-post locks out opposition parties in safe seats, it is only logical to target resources at those seats which are winnable. This is a perfectly reasonable response to the system, but it neglects voters. Those voters who have the misfortune of living in safe seats are ignored. They are not involved in elections. Elections, at their best, are a national conversation about who governs us, but first-past-the-post locks people out of that conversation on the basis of something as spurious as where they happen to live.

Democracy requires parties. It is at its best when it offers a real choice between multiple, vibrant, strong, representative parties who campaign strongly everywhere and give people real power to choose who represents them. Part of the problem with our electoral system is that it has made parties weak, and has encouraged them to ignore whole sections of the country.

Appendix 1: Methodology

14. Available at http://www.electoralcommission.org.uk/_data/assets/excel_doc/0020/150806/2010-UK-Parliament-spending-data-Excel.xls. For a full description of what is included in the Electoral Commission's data set, see <http://www.electoralcommission.org.uk/elections/election-spending/party-campaign-expenditure>.

15. http://www.hks.harvard.edu/fs/pnorris/datafiles/British%20General%20Election%20May%202010/British_Parliamentary_Constituency_General_Election_2010_Version_5.xlsx

16. For instance, see <http://politicalscrapbook.net/2013/07/ed-davey-secret-printing-company-berrylands-printers-ltd/> or <http://www.channel4.com/news/zac-gold-smith-mounts-defence-over-expense-claims>

This report is based on two data sets. The first is the Electoral Commission's data on party spending in constituencies in 2010¹⁴. The second is Pippa Norris's data on the election results in that same year¹⁵. The two datasets were combined and analysed in SPSS to provide the analysis.

Using SPSS's 'compare means' function, total spending figures were summed to allow for analysis at a constituency level. A second dataset was created separate to the original Electoral Commission data, featuring total spending by *all* campaigns in each constituency. Data regarding party performance and turnout was added in from Pippa Norris's dataset.

There has previously been controversy regarding alleged loopholes for the election expenses returns which form the basis of the Electoral Commission's data¹⁶. Nevertheless, if anything, such allegations are likely to result in *underestimations* of spending, meaning that if these figures are incorrect, it is likely that the situation is even more polarised than this piece of work implies. Such loopholes are clearly most likely to be exploited in the highest spending constituencies, so it is unlikely that they would have any meaningful effect on the overall results.

Appendix 2: Correlation between total spending in a constituency and turnout

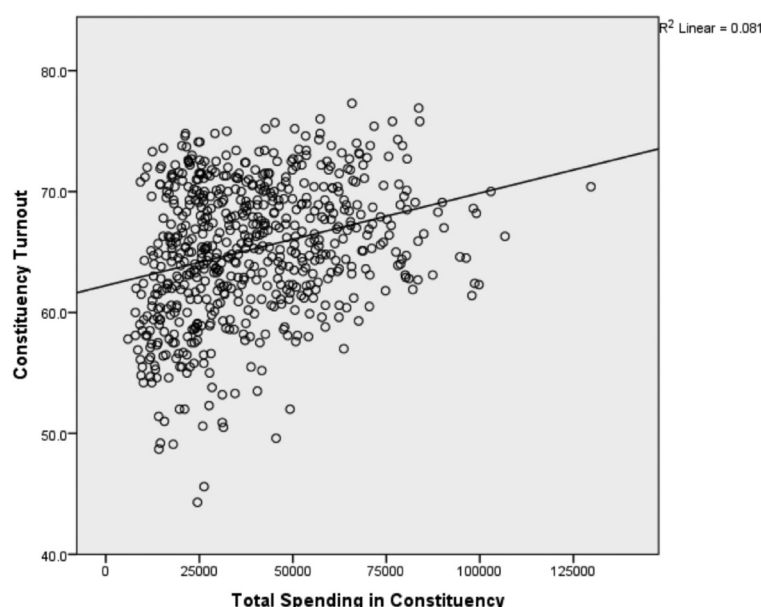
A Pearson's correlation on the data showed r^2 value of 0.284 with a p value of less than 0.00. This means that there is a weak positive correlation between the amounts spent in a constituency and its turnout, but that this relationship is statistically significant. However, 0.284 is robust enough to be clear that there is a statistical relationship between money and turnout. While we should always be aware

of confusing correlation and causation, the evidence from political science literature and the logical inference would seem to suggest that there is an inarguable case for suggesting that more spending by political parties' results in a higher turnout.

SPSS outputs for the correlation are below:

		TotalSpend	Turn10
Total Spend	Pearson Correlation	1	.284**
	Sig. (2-Tailed)		.000
	Sum of Squares and cross-products	2.762E+11	20987981.42
	Covariance	425602188.9	33314.256
	N	650	631
Turn 10	Pearson Correlation	.284**	1
	Sig. (2-Tailed)	.000	
	Sum of Squares and cross-products	20987981.42	19895.895
	Covariance	33314.256	31.581
	N	631	631

** Correlation is significant at the 0.01 level (2-tailed)



The Electoral Reform Society
Thomas Hare House
6 Chancel St
London
SE1 0UU

Email: ers@electoral-reform.org.uk
Phone: 0207 928 1622
Facebook: [electoralreformsociety](https://www.facebook.com/electoralreformsociety)
Twitter: [@electoralreform](https://twitter.com/electoralreform)

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