

POL1050: Money, Power & Democracy

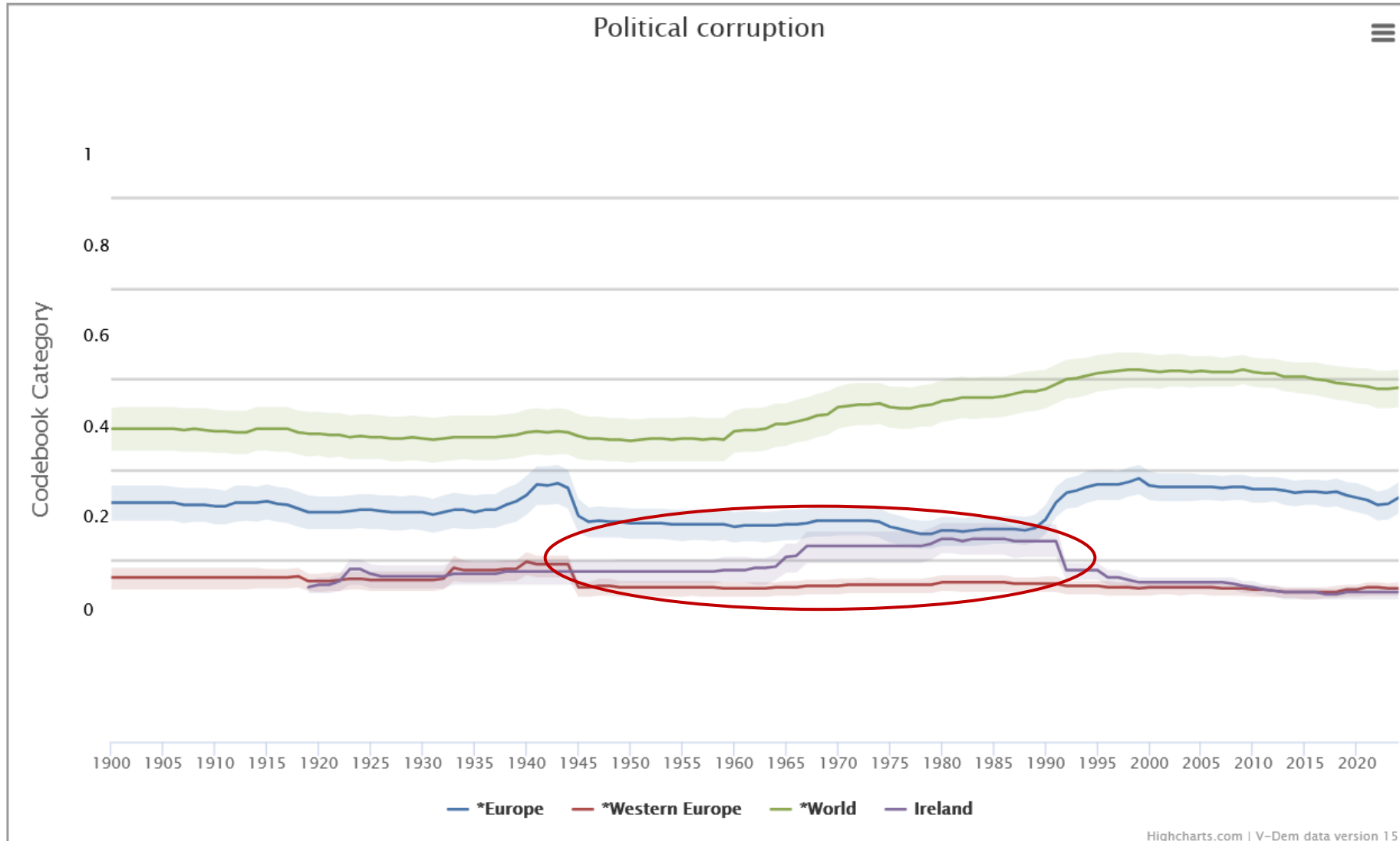
Class 8 – Ireland Case Study: Reform & MPD – 1/10/2025

Schedule

This week: Money, Power and Democracy in Ireland

- Monday: *Ireland's History of Political Corruption & Reform*
 - Era of 'laissez-faire' political finance
 - Pressures leading to scandals in the 90s
- Today: *Reform and MPD in Contemporary Ireland*
 - How are political finance and lobbying regulated?
 - Paths to power:
 - Campaign spending?
 - Influence/Access?

V-Dem Political Corruption Index



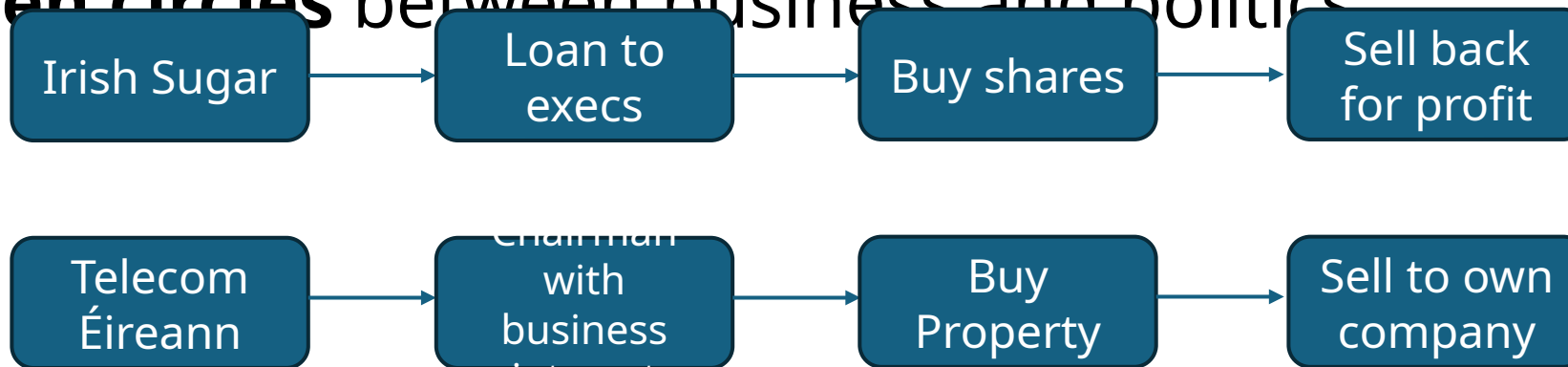
A Ticking Timebomb (1930s – 1980s)

- Weak regulation + lack of accountability
- Financial pressures on political actors
- Economic transformation in late 80s
- Housing demand
- **Late 1991...**



Golden Circles: Irish Sugar (Greencore) & Telecom Éireann (1991)

- Broke within a week of each other
- First major corporate governance scandals in privatization era
- State company executives used positions and public money to enrich themselves
- **Golden circles** between business and politics



Private Funding corruption: The Age of Tribunals (1991-2012)

- The Beef Tribunal (91-94)
- The McCracken Tribunal (97)
- The Moriarty Tribunal (97-2011)
- The Flood / Mahon tribunal (97 – 2012)

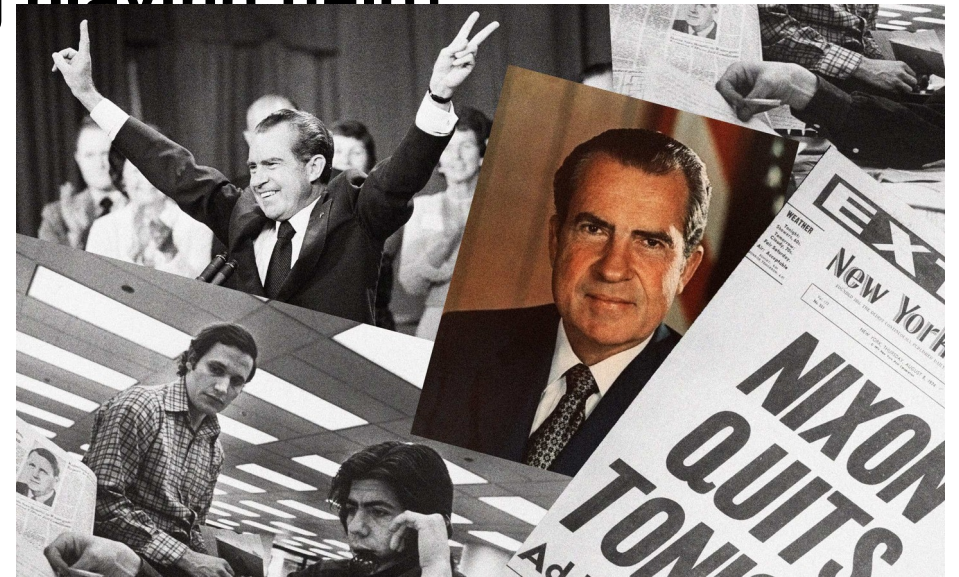
Judge Mahon on corruption in public life (2012)

"It continued because nobody was prepared to do enough to stop it. This is perhaps inevitable when corruption ceases to become an isolated event and becomes so entrenched that it is transformed into an acknowledged way of doing business. Specifically, because corruption affected every level of Irish political life, those with the power to stop it were frequently implicated in it."



Reminder: Political finance reform to combat corruption?

- Origins of political finance regimes: late 19th century
 - Battle electoral corruption in US and UK
- Reforms generally share several features (Hummel et al., 2019)
 - **Response to major political scandal (Watergate)**
 - **Public calls by policy-makers to combat corruption (thereby curbing special interests and leveling playing field)**



Legislative response: Initial Piecemeal Approach

- Rejected Ethics in Government and Public Office Bill (1991)
 - Albert Reynolds: no need + exaggeration of gift-giving
- 1995-2005: 25 pieces of legislation, including amendments
 - Bribery is punishable with four different sentences
 - Party funding was equally fragmented

All the aforementioned recommendations for improvement would additionally benefit from a consolidation of the currently dispersed/fragmented rules on party funding in a comprehensive, clear and up-to-date legislative instrument.

Group of States Against Corruption Report on Ireland, 2009



Legislative Response: Key Legislation

- **Electoral Act 1997**

- + Party funding (but not for elections)
- + Candidate campaign expenses reimbursement
- + Disclosure for donations over IR£4,000 (parties) / IR£500 (parties)
- + Spending limits for candidates per constituency
- + **Monitoring body: Public Offices Commission (SIPO since 2011)**
- Anonymous donations over IR£100



Number 25 of 1997

ELECTORAL ACT, 1997

AN ACT TO ESTABLISH A CONSTITUENCY COMMISSION, TO MAKE PROVISION FOR PAYMENTS TO POLITICAL PARTIES AND CANDIDATES, TO MAKE PROVISION FOR DISCLOSURE OF DONATIONS FOR POLITICAL PURPOSES, TO REGULATE EXPENDITURE AT ELECTIONS BY POLITICAL PARTIES AND CANDIDATES, TO PROVIDE VOTING ARRANGEMENTS FOR CERTAIN PERSONS UNABLE TO VOTE AT POLLING STATIONS AND TO PROVIDE FOR OTHER ELECTORAL MATTERS. [15th May, 1997]

BE IT ENACTED BY THE OIREACHTAS AS FOLLOWS:

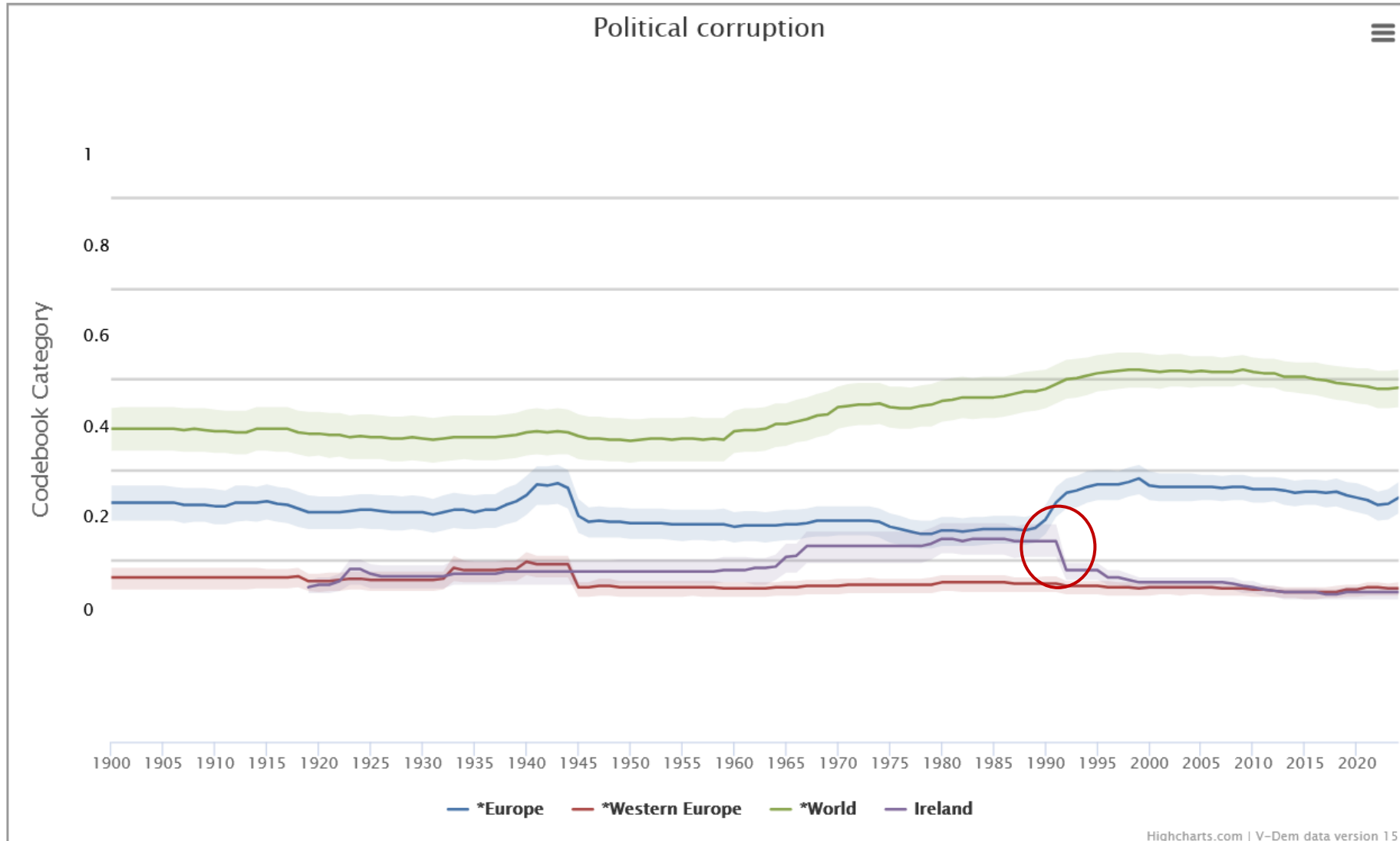
Legislative Response: Key Legislation

- Electoral Act 1997
- **Local Elections (Disclosure of Donations and Expenditure) Act 1999**

Legislative Response: Key Legislation

- Electoral Act 1997
- Local Elections (Disclosure of Donations and Expenditure) Act 1999
- **Electoral (Amendment) Act 2001**
 - + Registration & reporting requirements for third parties receiving more than
IR£100 in contributions
 - Donations over IR£2,000 for candidates, IR£5,000 for parties/third parties
 - Foreign donations

Reminder: V-Dem Political Corruption Index



Ireland suffers sharpest drop on Corruption Perceptions Index in its history

5 December 2012

International businesses perceive Ireland to be more corrupt than Uruguay, Chile and the Bahamas. Ranking could have impact on Ireland's credit rating.

Dublin, 5 December 2012

A global index measuring perceptions of corruption in 176 countries gives Ireland its worst ever ranking and suggests that corruption is a bigger problem here than in some developing nations including Uruguay and the Bahamas. Ireland is now ranked in 25th place in the Corruption Perceptions Index conducted annually by Transparency International (TI). The worst performing countries are Afghanistan, North Korea and Somalia. Denmark, Finland and New Zealand are perceived to be the least corrupt countries of those surveyed.

The index is one of the most commonly used measures of political risk and is used by credit risk agency Standard and Poor's to assess the likelihood of sovereign debt default. According to John Devitt, Chief Executive of TI Ireland, 'If investors believe government decisions are being swayed by political or private gain, it could have a harmful effect for our economic recovery. Small, open economies are much more exposed to reputational risk than their more powerful counterparts. Risk-averse and politically aware investors will also look elsewhere when deciding where to locate or do business if they suspect that favoured businesses and government are in bed with one another'.

Turning Point: Electoral (Amendment) (Political Funding) Act 2012

- Result of Moriarty & Flood/Mahon Tribunals
- Corporate donors need to register with SIPO if donations >€200
- Reduced third party and candidate donation limits (€2,500 & €1,000)
- Parties have to publish their accounts on SIPO website (but corporate donors do not)

Standards in Public Office Commission (SIPÓN)



Coimisiún um Chaighdeán in Oifigi Poiblí
Standards in Public Office Commission

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Promoting transparency and
accountability in public life

Election guidelines >

<https://www.sipon.ie/en/>

BUT: Dark Money!

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Income and Expenditure Account for the year ended 31st December 2024

	Note	2024	2023
		€	€
<i>Income</i>			
State Funding	1	5,150,403	5,031,326
Membership & Subscriptions	2	234,032	234,627
Donations	3	37,640	14,324
Donations in kind (including notional donations)	4	-	-
Gross fundraising income	5	701,375	614,491
Other amounts remitted by branches	6	-	-
Miscellaneous income	7	69,501	6,408
Total Income		6,192,951	5,901,176
<i>Expenditure</i>			
Staff Costs	8	3,447,813	3,064,876
Administration	10	2,663,128	1,998,603
Premises Costs	11	334,073	314,785
Transfer to Branches	12	-	1,737
Fundraising expenses	5	165,870	158,419
Financing charges	13	27,428	78
Campaign and election costs	14	1,693,027	113,590
Depreciation	15	31,081	39,281
Rebates to Constituencies	16	177,987	149,193
Total Expenditure		8,540,407	5,840,562
(Deficit) / Surplus for the year		(2,347,456)	60,614

Fine Gael Headquarters

Income and Expenditure Account for the year ended 31 December 2024

	Note	2024	As Restated 2023
		€	€
<i>Income</i>			
State funding	1	5,027,782	4,700,073
Membership and subscriptions	2/30	403,352	419,966
Donations	3	65,420	17,234
Donations in kind (including notional donations)	4	-	4,123
Fundraising income	5	848,426	1,162,786
Other amounts remitted by branches	6	-	-
Total income		<u>6,344,980</u>	<u>6,304,182</u>
<i>Expenditure</i>			
Staff costs	7	3,809,218	3,308,582
Administration	8	1,200,049	996,879
Premises costs	9	296,706	259,460
National Draw Rebates	5	210,880	401,404
Application of donations in kind and notional donations	11	-	4,123
Other Fundraising Expenses	5	138,597	155,307
Financing charges	12	4,666	22,716
Campaign and election costs	13	2,856,524	20,971
Depreciation and Amortisation	16/17	71,992	67,553
Miscellaneous expenses	14	<u>466,488</u>	<u>405,141</u>
Total expenditure		<u>9,055,120</u>	<u>5,642,136</u>
(Deficit) for the year before taxation		(2,710,140)	662,046
Taxation	27	-	-
(Deficit) for the year after taxation		<u>(2,710,140)</u>	<u>662,046</u>



**Statement of Income and Expenditure and Retained Revenue Reserves
for the Year ended 31 December 2024**

	Note	Year ended 2024
		€
Income		
State Funding	2	5,590,672
Membership and subscriptions	3	163,278
Donations	4	234,270
Donations in kind	5	-
Gross fundraising income	6	521,345
Other amounts remitted by branches	7	17,020
Miscellaneous Income	8	1,421,383
Total Income		<u>7,947,968</u>
Expenditure		
Staff Costs	9	5,009,269
Administration	10	2,174,576
Premises costs	11	240,570
Transfers to branches	12	84,273
Application of donations	13	-
Fundraising expenses	6	111,676
Financing charges	14	18,200
Campaign and election costs	15	1,731,660
Depreciation	16	87,905
Miscellaneous Expenses	17	97,108
Total Expenditure		<u>(9,555,237)</u>
Surplus/(Deficit) for the period before tax		(1,607,269)
Taxation		16,927
Surplus/(Deficit) for the period after tax		<u>(1,624,196)</u>





Politics

Friends of Sinn Féin in US raise over \$2m in last five years

Funding used to pay for newspaper advertisements and travel costs, while \$54,000 sent to Northern Ireland

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Sinn Féin is Ireland's richest political party, with nine properties and profits of over €7m

Organisation is now conducting an 'internal audit' of all properties and assets that could be categorised as potentially owned by party units



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Who has to disclose donations?

TDs, Senators and MEPs must send an annual donation statement to the Standards Commission by 31 January for the previous year.

Registered political parties and third parties must send their statements by 31 March.

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Are you a corporate donor? If so, under the Electoral Act, you cannot donate more than €200 to candidates, elected officials or political parties unless you register with the Standards Commission. You must also adhere to donation limits.

The Standards Commission set up and manages a Register of Corporate Donors. This list is active for the current calendar year.

CORRUPTION PERCEPTIONS INDEX

Scoring 180 countries around the world, the Corruption Perceptions Index is the leading global indicator of public sector corruption.

Ireland has a score of 77 this year, with a change of 0 since last year, meaning it ranks 10 out of 180 countries.

Find out about key corruption issues in Ireland in [CPI 2024 for Western Europe & EU: Leaders' hollow efforts cause worsening corruption levels](#)

[Learn more about the CPI](#)

IRELAND

Score

77/100

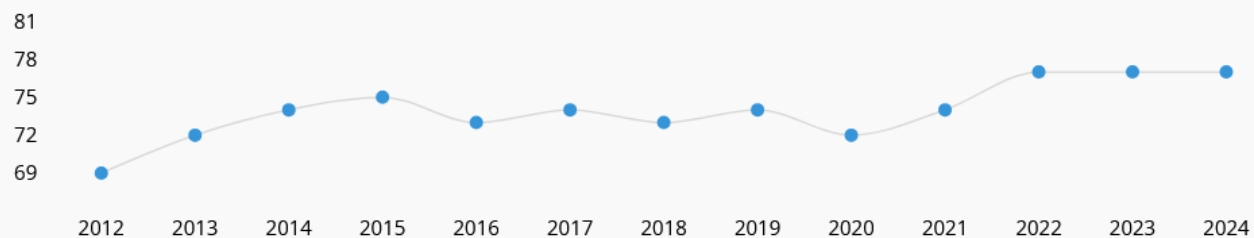
Rank

10/180

Score change

0 Since 2023

Score changes 2012 - 2024



Regulation of Lobbying Act 2015 (Am. 2022)

- Established a publicly accessible register of lobbying
- Reports on lobbying 3x/year
- Code of conduct
- “cooling off period”
- But: *de jure vs de facto*

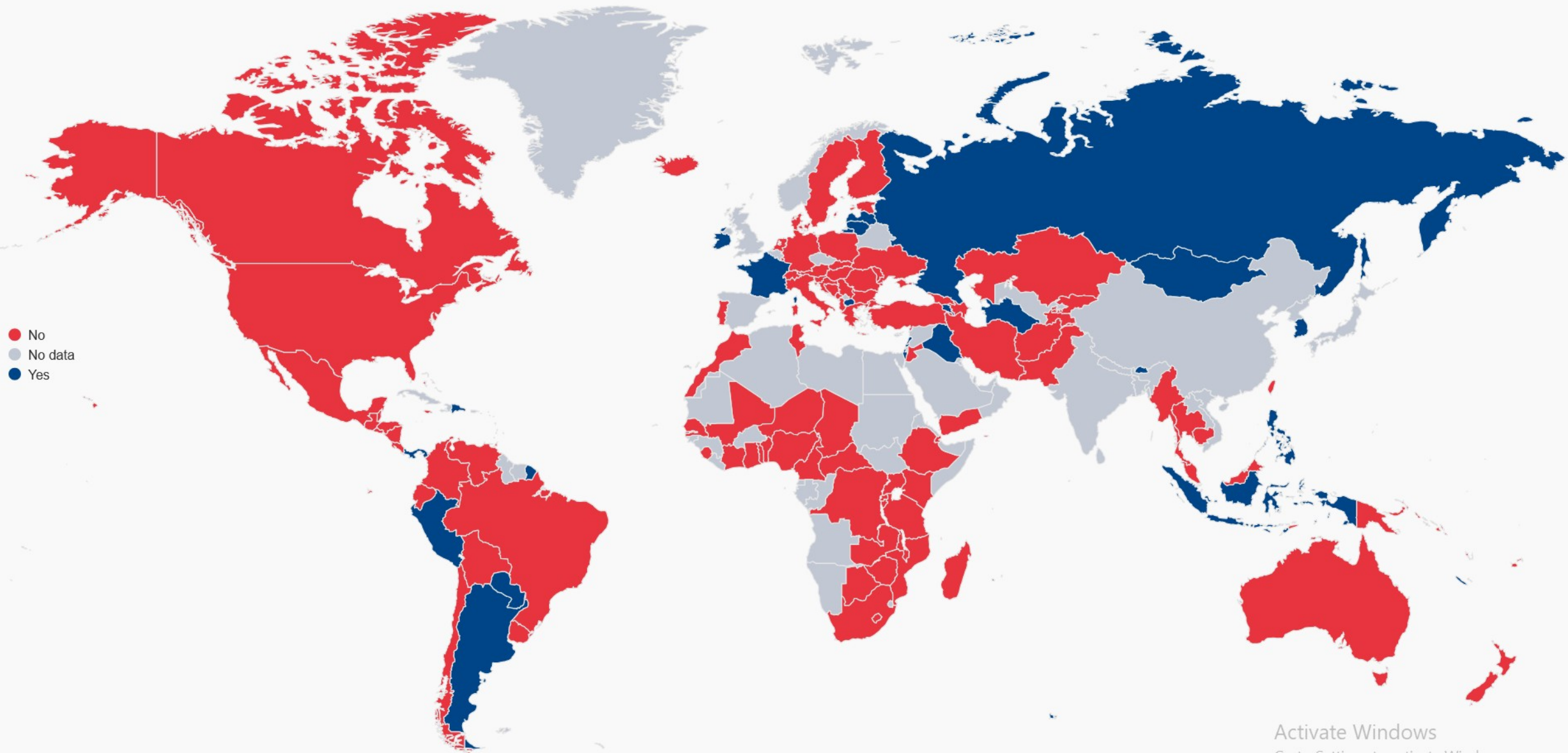


Future-Proofing: Electoral Reform Act 2022

- Transparency regulations with regards to online advertising
- Prohibited online advertising funded by, or on behalf of, foreign nationals
- Extended political finance regulations to include cross-border parties and subsidiaries

46. Do any other restrictions on online media advertisement (beyond limits) exist?

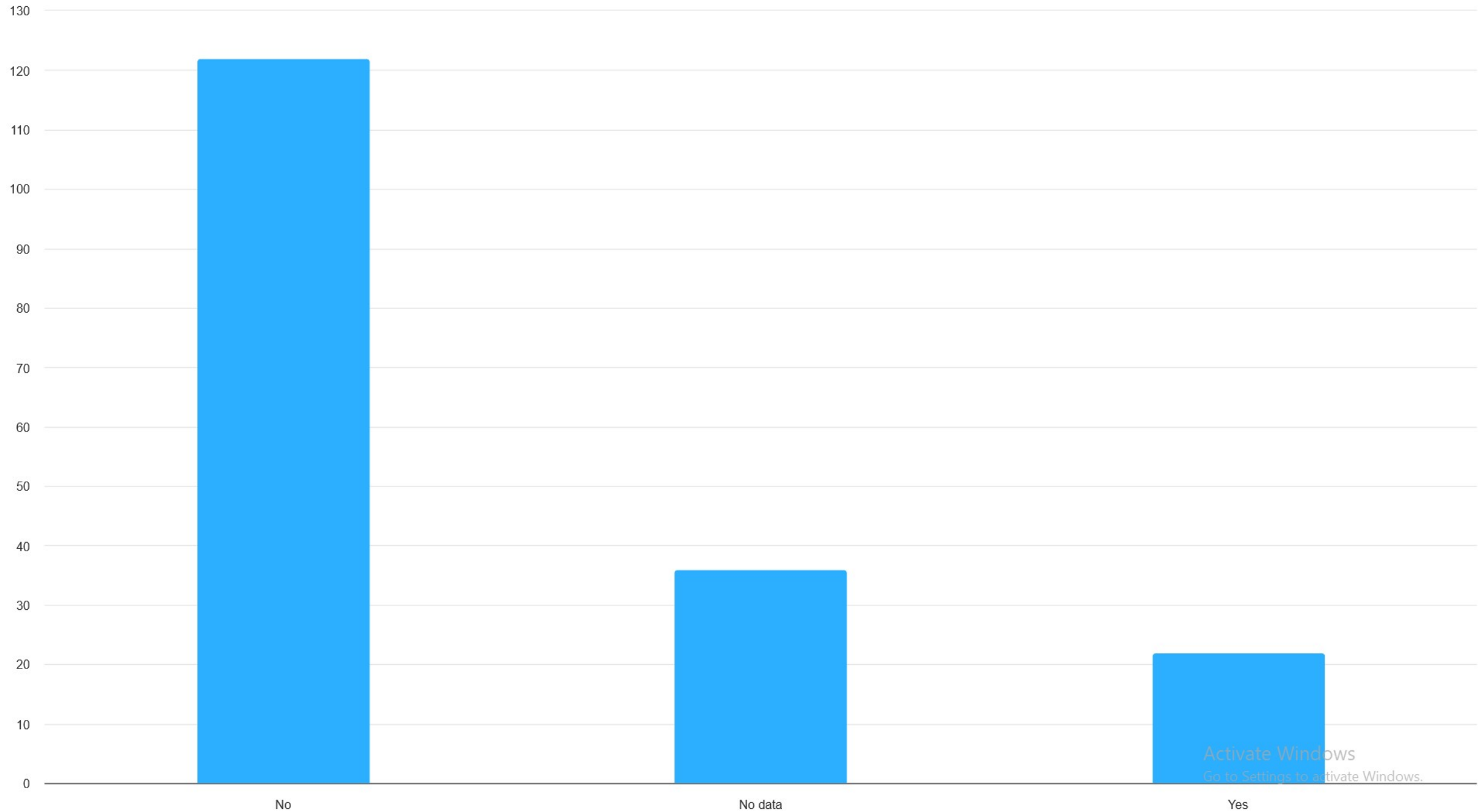
Political Finance Database - Regulations of spending



46. Do any other restrictions on online media advertisement (beyond limits) exist?



Political Finance Database - Regulations of spending
Data for 180 countries



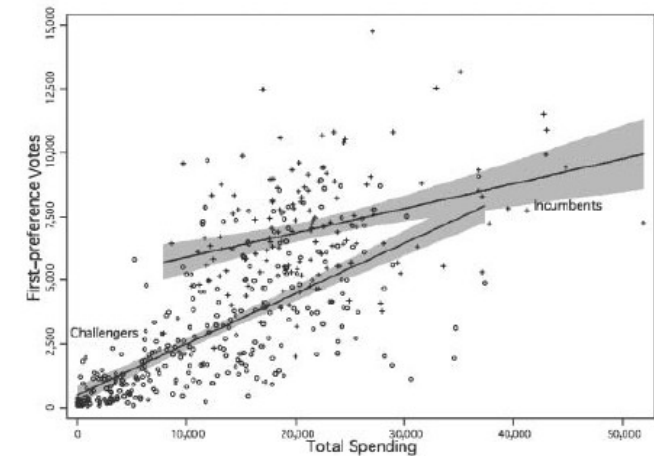
Irish Regimes Summarized

- No foreign or anonymous (above certain threshold) donations
- Yearly donations limits
- Public funding but not for elections
- Candidates have spending limits in elections
- Quite strict transparency regulations
- + Lobby Register

Paths to Power: Campaign Spending?

- **Benoit & Marsh (2010): General elections 2002**
 - Candidates that spend more win more votes
 - Outspending a rival results in more of the vote share
 - Spending more directly increases odds of winning a seat
 - **Challenger effect, but only when from other parties**

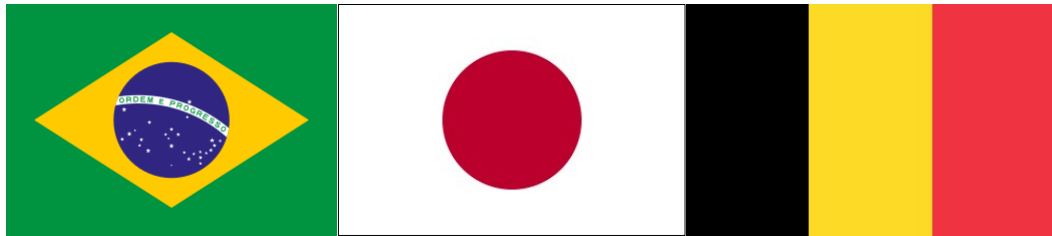
Figure 1
First-Preference Votes by Total Candidate
Spending (in euros)



Note: Circles represent challengers; pluses represent incumbents.

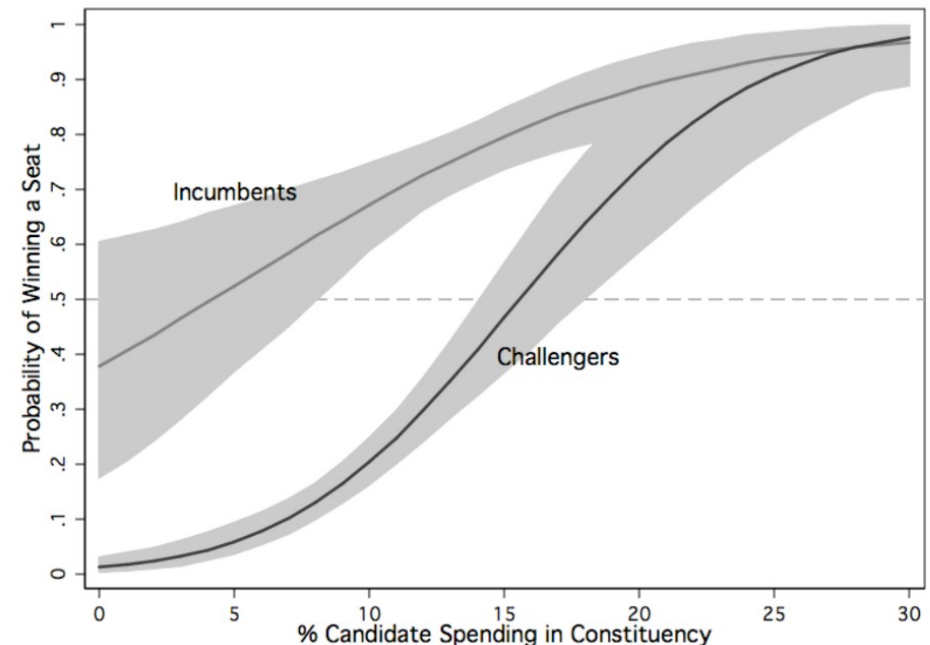
Reminder Class 3

- Multiple positive studies, regardless of types of elections (Rekkas, 2007; Benoit & Marsh, 2008; Schuster, 2020; ...)
- But: dependent on factors ~ **diminishing returns**
 - Challenger vs. Incumbent
 - Competitiveness
 - FPTP vs Proportional vs STV



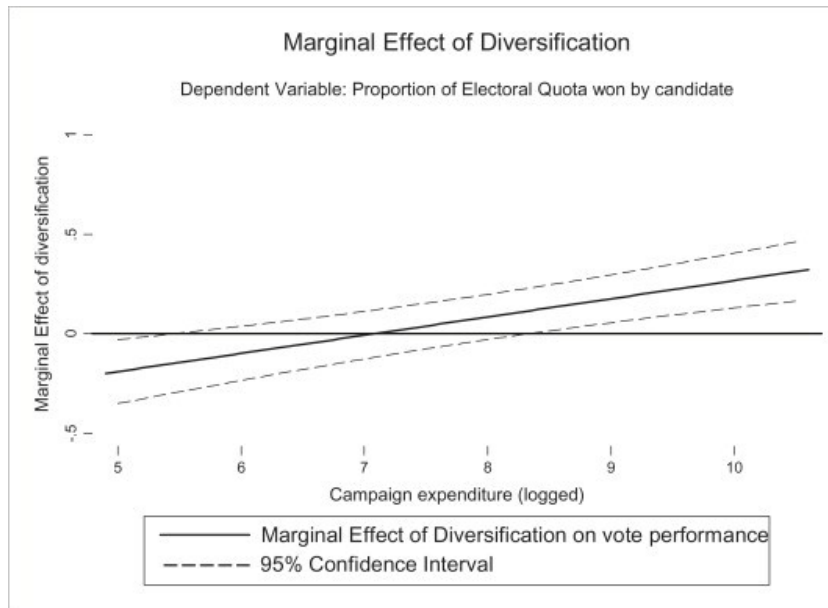
Proportional => no challenger effect
(Samuels, 2001; Maddens et al. 2006; Cox & Thies, 2000)

Figure 2. Effect of spending on probability of winning a seat, comparing Challengers and Incumbents. Dashed lines indicates two standard errors. Predicted probabilities and standard errors estimated using CLARIFY, based on probit regression in Table 4.



Paths to Power: Campaign Spending?

- Benoit & Marsh (2010): General elections 2002
- **Sudulich & Wall (2011): General elections 2007**
 - Types of expenditure?
 - Diversification matters for higher expenditure



1. Advertisement
2. Publicity
3. Posters
4. OEM (Other electoral Material)
5. Campaign workers
6. Office and stationery
7. Travel and Transport
8. Marketing and research²

Paths to Power: Lobbying?

Crepaz & Chari (2022): over 2000 IGs in Ireland

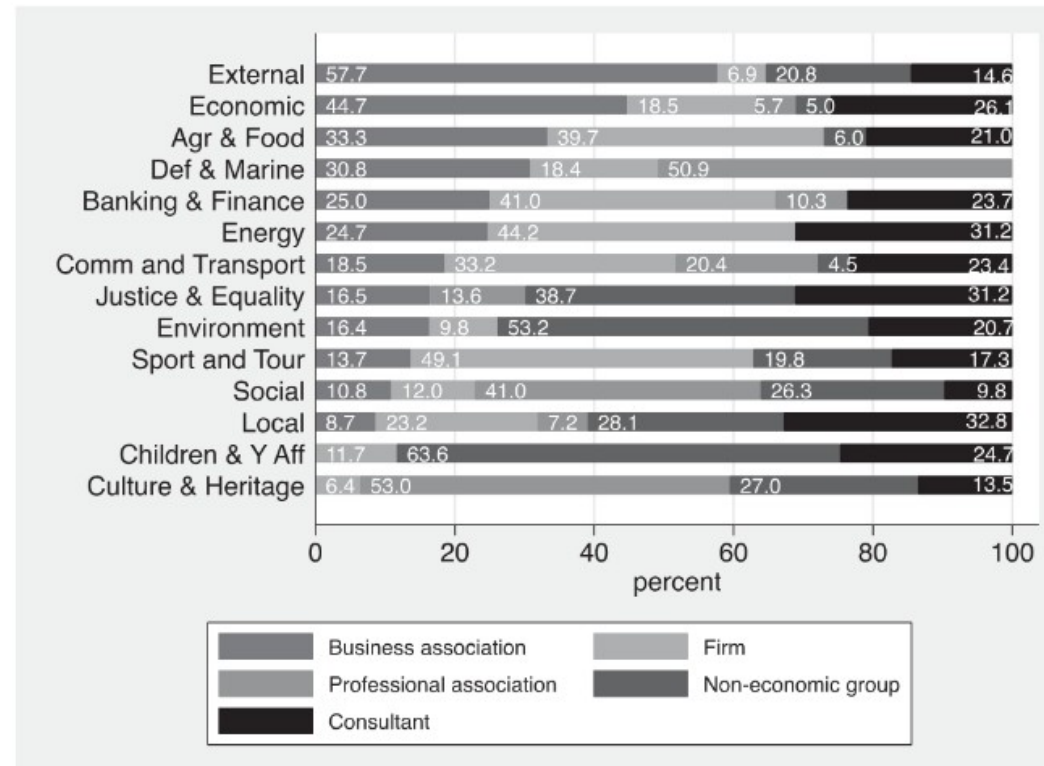
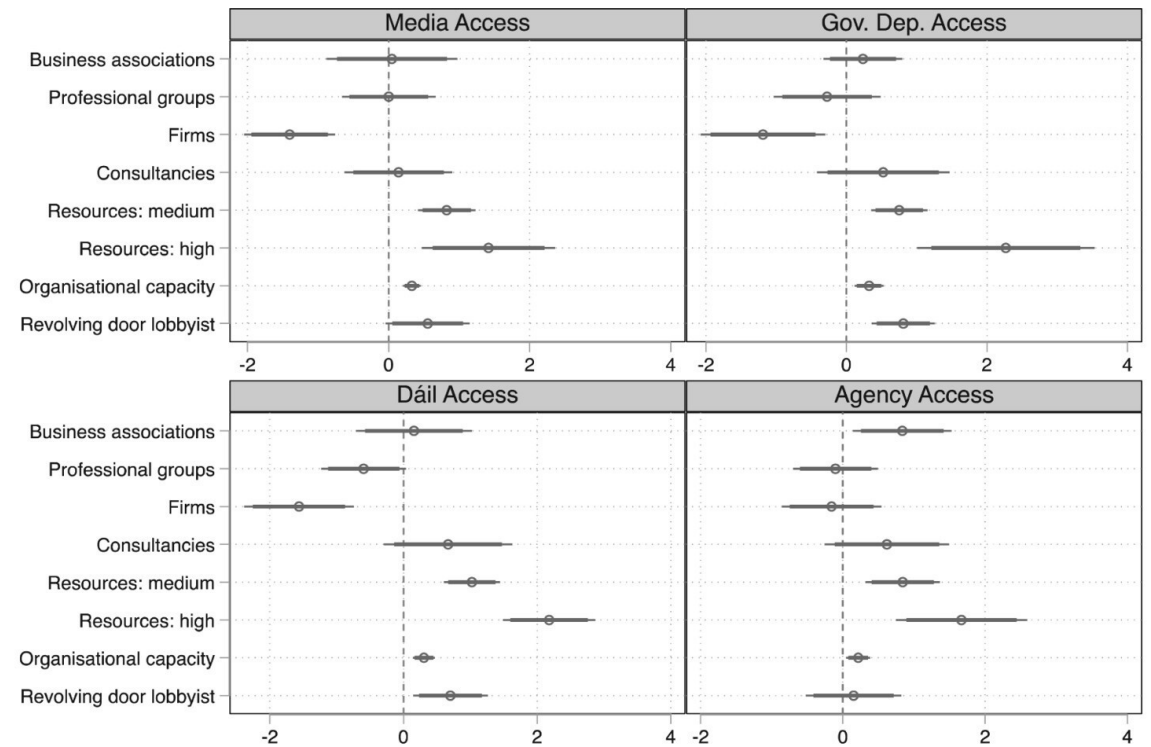


Figure 1. Percentage of organisations by group type for each of the 14 policy issues.

Paths to Power: Lobbying?

Crepaz & Chari (2022): over 2000 IGs in Ireland -> More access?

- Key venues of policy making
 - Media (~outside lobbying)
 - Government departments
 - Dáil
 - State Agencies
- Key factors:
 - Less access to firms (surprising!)
 - More access if more
 - Resources
 - Organisational Capacity
 - Revolving door lobbyists



Note: Unstandardized coefficients and 90-95% confidence intervals of the explanatory variables based on Models 3, 6, 9 and 12 in Table 1

Conclusion

- Corruption scandals led to reform in the 90s
- Reforms have seemingly brought down levels of (perceived) corruption
- But money remains strong paths to power