

# Why Corporate Campaign Contributions Are Undemocratic

*By Alex Cullen*

Next week Ottawa City Council will be debating a motion from rookie Councillor Tobi Nussbaum to seek authority from the Ontario Legislature to be able to decide whether to continue allowing corporations and unions to make financial contributions to Ottawa's municipal election candidates, similar to what the City of Toronto has done. So what prompts this motion and why should it be supported?

Currently financial contributions to municipal election candidates in Ontario are governed by the Municipal Elections Act. This sets out limits for individuals, corporations and unions resident in Ontario in how much they can contribute to a candidate (\$750 is the maximum to any one candidate, \$5,000 is the total amount that can be contributed to all candidates in a municipal election), the requirement for candidates to report contributions exceeding \$100, and spending limits permitted to municipal candidates. These restrictions are to ensure transparency and fairness in how our municipal governments are to be elected.

The controversy over corporate contributions (and union contributions, but these tend to be minor) revolves around double-dipping, conflict of interest, and undue influence. While the data for the 2014 municipal election is not fully available yet, we have the benefit of analysis from the 2003, 2006 and 2010 elections, gleaned from the financial statements filed by candidates for Ottawa City Council. These are public documents, available at the City of Ottawa's web site.

One thing that becomes obvious right away is that it takes money to get elected: for the most part it is candidates who spent the most who were successful in getting elected to Ottawa City Council, whether it be for Mayor or for City Councillor. In 2010 Jim Watson spent over half a million dollars getting elected Mayor, easily outspending his next two rivals (then-Mayor Larry O'Brien and then-Councillor Clive Doucet) combined. However, for City Council of the 23 winners 19 of them raised and spent the most in their wards.

Successful candidates used very little of their own personal money: most contributions to candidates came from individual voters, accounting for 55% of all campaign contributions in 2010. However, most corporate contributions clumped around a select few candidates in each election, and these corporate contributions came largely from those which do business with City Hall: the developers, construction companies, land consultants, regulated industries, waste management firms, etc. In 2010, of the 20 candidates running for Mayor two candidates (Watson and O'Brien) took in 99% of these corporate contributions (74% for Watson, 26% for O'Brien). However, for candidates for City Council a significant majority of these corporate contributions went to a select few: 20 of the 97 candidates who filed financial statements. These select 20 candidates took in nearly 75% of all corporate contributions; for half of this select group corporate contributions accounted for 40% or more of their campaign revenues. And 19 of these 20 candidates were winners.

So what is the problem here? First of all, democracy is founded on the principle of one-person one-vote: each vote is equal. And it follows that each person is entitled to support the candidate of his or her choice financially. However, corporations and unions are made up of people who

not only can vote and support the candidate of their choice personally, but they can also use the resources of that corporation to contribute yet again to their chosen candidate or candidates. This creates a special class of people who can contribute twice, essentially double-dipping.

The 2010 municipal election in Ottawa is replete with examples. If we look at the family that controls Claridge Homes - a well-known developer in Ottawa – four members of the Maholtra family wrote 11 personal cheques and had three of the Claridge companies write another 10 cheques totalling \$14,800 to 10 candidates. This is not an isolated example. As individuals the Maholtras and others like them have every right to support any candidate (or set of candidates) they choose, but using the resources of the corporations they own as well sets them above most ordinary voters. This is undemocratic.

The second problem is the clumping of these corporate contributions around a select few candidates. When most of these corporate contributions go to a select few candidates who are successful in getting elected, then it is easy to believe that these corporations (and the people who control them) must be satisfied with the result. But is it good for democracy when these special interests can so dominate the election outcome, as they did in 2003, 2006 and in 2010? Consider the land development applications, the priorities for building infrastructure, the awarding of contracts, etc. that regularly come before City Council, and the ethics of voting on these matters involving corporations that have contributed to these councillors.

The elected representatives who benefit from the largess of corporate contributions will tell you that they vote based not on developer interests but on what is best for the City. No doubt they believe that. But there is no denying the effectiveness of the targeting of these corporate contributions, coming primarily from those who do business with City Hall, in getting their candidates elected. These are facts.

Councillor Tobi Nussbaum's motion next week is only one step towards dealing with the issue of corporate (and union) contributions – it only seeks to give Ottawa City Council the ability to ask the Ontario Legislature to let Council decide, as Toronto City Council did years ago. And democracy in Toronto seems quite content with the outcome.

*Alex Cullen is a former Ottawa City Councillor (2000-2010) and author of 3 studies on Ottawa's municipal election finances, covering the 2003, 2006 and 2010 municipal elections.*