

## *Rebuilding Justice or Ensuring Fair Competition between Political Parties?*

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“Equal opportunities” in the competition between political parties: the question of political parties’ financial resources

Because the transition of power between political parties in Taiwan had been carried out peacefully, the Chinese National Party (KMT) has remained active in the political arena till this day. Therefore, the matter concerning the handling of the KMT’s party assets, or the so-called “rebuilding justice,” would only have negative implications unless this process can lead to the result of knowing how to ensure fair competition between political parties and create an environment that grants equal opportunities for competing political parties—these would be the positive implications of dealing with the KMT’s party assets. We should analyze this question from the perspective of political parties’ financial resources.

The formation of political parties has been an inevitable trend in modern democratic societies. Democratic politics is party politics; this is a natural and necessary outcome of the evolvement of history. At the same time, however, political parties have also become completely uncontrollable “giant genies” in the present democratic political system. The question of political parties’ financial resources has not only highlighted the difficulties of restraining the parties, but has sometimes triggered political storms. This shows that political parties’ financial resources have been a focal point where all problems converge.

### **1. The basic principles of acquiring financial resources for political parties**

As far as a democratic political system’s party politics is concerned, whether the parties’ functions can play out will have much to do with the success or failure of the democratic politics in question. And whether the parties’ functions can play out will be determined by whether the parties have adequate and appropriate financial resources. Nevertheless, in democracies that practice capitalism, the regulation of the financial resources of political parties is often very tricky. As stated above, a political party is one of a country’s civil organizations. In terms of political and economic systems, a political party falls into the category of the so-called “third sector” of non-profit private organizations. As such, when it comes to a party’s main financial resources, the party cannot obtain these resources through imposing levies as the public sector’s government does. Neither can the party, as regards its functions, operate as the market sector’s profit-seeking enterprises, which can earn profits as its operating capital through providing commodities or labor services.

From the perspective of establishing party politics, the highest guideline a party should follow when acquiring financial resources is this: to allow the party’s functions to play out fully and to maintain fair competition between political parties.

There are various avenues to acquire a party's financial resources, but whatever the methods are, they should all comply with the following principles: 1. the principle of putting the people first and getting close to the people; 2. the principle of democracy inside the party; 3. the principle of transparency in the party; 4. the principle of equal opportunities for political parties and the principle of equal political rights for the people; 5. the principle of freedom for the party.

First of all, a party's own financial resources, party membership fees and donations, are the party's most vital and proper incomes. This fact constitutes the principle of putting the people first and getting close to the people, only that the payment of party membership fees should not violate the principle of democracy inside the party. In other words, the organization of the party and the formation of the party's opinions should be conducted in accordance with the principle of democracy instead of being controlled or manipulated by a few so-called elites. That is why political party tax has not been approved. As far as donations are concerned, they should conform to "the principle of transparency in the party," which means that large-amount donations must be made public in order to prevent big corporations from controlling the party and money from polluting politics.

Secondly, with regards to indirect government subsidies, i.e. tax reductions for party membership fees and donations to political parties, attention needs to be paid to "the principle of equal opportunities for political parties" and "the principle of equal political rights for the

people." On the one hand, as political parties have different support bases in the society, government-granted preferential tax treatment of party membership fees and donations to political parties should not become an avenue for parties whose support bases are industries, enterprises or the high-income class to gain an edge in their competition in the political market. On the other hand, the people's participation in the formation of political will does not happen only through voting. Their support for and influence over parties in ordinary days are also their participation in the formation of political will. Therefore, if the people experience conspicuously different treatment in the regime of government-granted preferential tax reductions for party membership fees and donations to political parties, this would have violated the principle of equal political rights for the people. That is why, based on the two stated principles, a ceiling must be set on tax reductions for party membership fees and donations to political parties, and the amounts of these tax reductions have to be determined according to standards that will actually grant the majority of the electorate equal treatment.

Finally, the distribution of direct government subsidies should conform not only to the principle of equal opportunities for political parties but also to the principle of freedom for the party as well as the principle of democracy inside the party. First, the principle of equal opportunities for political parties emphasizes that the distribution of direct government subsidies should neither substantially discriminate against any party nor derail the fair competition

between parties. Secondly, the principle of freedom for the party focuses on the amounts of direct government subsidies and has two implications: 1. the negative implication has to do with the relationship between the party and the state. In other words, it is concerned about the party's independence from the state and the prevention of the formation of the so-called "party-state," where "no distinction is made between the party and the state"; 2. the positive implication indicates that a party has to be rooted in the society. Thirdly, the principle of democracy inside the party stresses the relationship between the party and its members. Direct government subsidies should not induce the party to break away from its members and thus become an independent, autonomous institution.

## **2. Party assets, party-owned enterprises, and equal opportunities for political parties**

In recent years, most of the KMT's assets are enterprises owned by the party. This has triggered the controversy over whether a political party can acquire financial resources through operating profit-seeking enterprises. This question can be investigated from three perspectives:

First, from the legal perspective, a political party falls into the category of a non-economic corporation or a civil association. It is not a member group that aggregates individuals for the purpose of seeking profits. It is neither an economic corporation such as a company nor a

corporate legal person that is established by aggregating properties. Therefore, according to law, a political party should not have profit-seeking motives; according to logical inference, a party should not have enough properties for it to seek profits. However, the law does not forbid a non-economic corporation to own assets or accept donations. Yet because of a political party's special nature, which is different from that of an ordinary corporation, a party's reception of donations is often specifically regulated. In other words, in normal circumstances, a political party can accept donations, but it has no properties for it to run businesses.

Second, from the economic perspective, as a political party is neither a private company nor a government agency, it ought not to have a private business's motive to seek profits, and its accounting and budget, unlike those of a state-owned enterprise, are not subject to the supervision of law, which aims to prevent maneuverings and corruption. That is why political parties rarely succeed in running businesses. Political parties in Germany, for example, only operate cultural enterprises that are closely relevant to the attributes of the parties.

Thirdly, from the political perspective, as the primary objective of a political party is to take the reins of government and to be in command of political power, the following irregularities will emerge if a party's major financial resources come from the profits of operating businesses: 1) relationships between the party and businesses will become entangled and unclear, which will violate the principle of

transparency as well as the principle of equal political rights for the people; 2) the party will be alienated from the general public, which will go against the principle of putting the people first and getting close to the people; 3) the internal structure of the party will foster centralized power and bureaucracy and gradually wipe out the attributes of a democratic party, which will contravene the principle of democracy inside the party. In addition, when other political parties compete with a party that fits the above descriptions, they are facing a party that owns colossal assets as well as the intricate relationships between that party and various enterprises that have been created through party-run businesses. This will not only damage the principle of equal opportunities for political parties that upholds fair competition, but will also hinder the normal development of democratic politics.

### 3. Conclusion

Because the KMT is and had been in power in this country for a long time, the party, the government, and enterprises have formed a “triumvirate” through “the capitalist practices within this association of three,” which allows free flows between the party’s treasury, the state’s treasury, and various companies’ funds. Therefore, even without political donations and government subsidies, the party can still build up a huge business empire and accumulate enormous party assets through nefariously distributing government budgets to the party’s peripheral

organizations and through big corporations’ transferring profits to the party via various industrial and business groups. We in Taiwan are questioning why, after 50 years in power, a political party in this present democracy can still own such massive party assets as authoritarian parties do in socialist countries. The constitutionality of this party’s practices will inevitably face severe challenges as the country’s democratic politics moves forward. Therefore, the purpose of dealing with the KMT’s party assets is not only to rebuild justice but also to establish an environment for political parties to develop and compete fairly. Only when these steps are taken can democratic politics be further realized in this country and the KMT be helped to achieve healthy development. **B**