



Extracted from *Funding of Political Parties and Election Campaigns: A Handbook on Political Finance*

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CHAPTER 7

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Northern, Western and Southern Europe

D. R. Piccio*

Introduction

Financial resources play a crucial role in determining which actors participate in the political process in modern democracies. The importance of the ways in which political parties access and use financial resources has stimulated the regulation of political finance around the world, including in Northern, Western and Southern Europe.¹ This chapter identifies the most important challenges of political finance legislation in these countries and compares European regulatory patterns (implementation and effectiveness in particular) to those in other regions.

Northern, Western and Southern Europe are among the richest regions in the world; their democratic institutions have progressively stabilized since the end of World War II. Parties in these regions were traditionally founded on a mass-membership basis with ties to civil society such as trade unions and church organizations. Although this historical model is changing, and party membership is declining, it has influenced the process of finance regulation, which was introduced to solve common social, financial and political needs of political parties. On the one hand, regulation was introduced alongside public funding for political parties and candidates to allow all elements of society to access the political arena, and to help counteract the decline in party membership and defray the increased costs of politics. On the other hand, states aimed to use such regulation to control the inflow of money into politics in order to prevent corruption and limit the influence of powerful donors.

The established liberal democracies in Northern, Western and Southern Europe have been less inclined to regulate political finance than the

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neighbouring post-communist democracies in Central and Eastern Europe. Countries that have more recently made the transition to democracy after a non-democratic experience have been found to be more inclined to regulate political parties than earlier democratizers.²

Despite having common needs and concerns, the diverse traditions, political philosophies and social attitudes toward the role that political parties should play in representative democracies have so far prevented the establishment of a homogeneous regulation in Northern, Western and Southern Europe. However, there is a trend toward greater harmonization of regulation, especially with regard to transparency requirements.

Challenges and problems of political finance in Northern, Western and Southern Europe

European governmental and non-governmental organizations agree that regulating the financial management of political parties is essential for promoting the principles of democracy and the rule of law.³ Yet political finance regulation still faces significant challenges. First, such regulation has not provided a solution to some of the underlying problems, such as political corruption and illicit financial practices in politics. In recent years, scandals related to the issue of money in politics have been revealed in Northern, Western and Southern Europe that are as great as anywhere else on the globe: Spain, Greece, the United Kingdom (UK)⁴ and France, for example, have battled multimillion-euro political finance scandals involving the abuse of government funds, illegal donations flowing into the parties or slush funds set up to buy favours from elected politicians.

Second, there is weak oversight and enforcement of regulations, with political actors able to exploit loopholes in the legislation. A third problem relates to parties' growing dependency on the state after the introduction of a widespread (and generous) public funding system for political parties and candidates. The final challenge is the persisting gender gap in the region.

Political corruption

Political corruption remains a major problem in Europe. Reform to curb corrupt behaviour is often initiated in the aftermath of political finance scandals and public outcry. The level of corruption in Europe is thought to have risen in recent years,⁵ which suggests that the political finance regulations have not achieved their aims. Indeed, countries that have adopted more political finance rules—such as Greece, Portugal and Spain—are perceived as having the most corrupt parties, while countries with less rigorous regulation—such as Denmark, Switzerland and Sweden—have the lowest levels of perceived corruption.⁶

If not adequately drafted, political finance rules may have the opposite effect: instead of preventing corrupt practices, they may motivate political actors to circumvent the rules or become more sophisticated in concealing illicit donations, thereby undermining the democratic values and principles behind political finance regulation.

Yet the relationship between political finance regulation and political corruption is complex, and very much depends on the quality of regulation itself; it is difficult to establish causal relationships between the two. High levels of political finance regulation may be adopted to combat high levels of corruption.⁷ If not adequately drafted, political finance rules may have the opposite effect: instead of preventing corrupt practices,

they may motivate political actors to circumvent the rules or become more sophisticated in concealing illicit donations, thereby undermining the democratic values and principles behind political finance regulation.

Weak enforcement

The mere presence of political finance regulation does not guarantee its implementation. The Group of States against Corruption (GRECO) emphasizes two main problems in its recommendations to Northern, Western and Southern European countries. The first is that few oversight organs are granted effective monitoring and enforcement powers. Financial audits often lack investigative power and focus on procedural aspects, and are therefore unable to trace the actual sources of income and expenditures. Moreover, insufficient cooperation between the investigative and auditing authorities allows political actors to engage in illegal financial practices with little risk of being sanctioned. The second problem relates to the loopholes that are still present in much of the political finance legislation.

Parties' state dependency

The acknowledgement that (1) money in politics matters, (2) the political process should be accessible by all political actors and (3) the organizational continuity of political parties, which matters for party system stability, has motivated the introduction of public funding of political parties and candidates in the region. While public funding has helped political parties survive and face the growing costs of politics, it has also made them financially dependent on state resources. Given the declining linkages between political parties and citizens in Europe, high financial dependence on the state may appear paradoxical: states help maintain political organizations that have loosening linkages with society, at the risk of (generously) sustaining political actors that are present only at the institutional level.

Gender inequality

The under-representation of women in political life is a persistent problem in Northern, Western and Southern Europe. The Council of Europe has urged member states to support gender balance in political life and public decision making, and to adopt special measures to achieve balanced participation and to representation in all sectors of society, including legally binding quotas.⁸ Yet Northern, Western and Southern Europe still lack binding requirements for promoting women's representation, and few countries in the region have political finance mechanisms that aim to promote women's representation. Linking public funding to gender equality requirements would help encourage parties to address women's political empowerment and level the playing field among (male and female) candidates. This issue is discussed further below.

Overview of political finance regulations

This section discusses the regional standards in political finance regulation. First, it provides an overview of regulation since the end of World War II. Second, it examines the main traditions of political finance legislation in the area and identifies the main patterns of legislative intervention. Finally, it highlights recent trends in political finance reforms, including harmonization of the different legal frameworks.

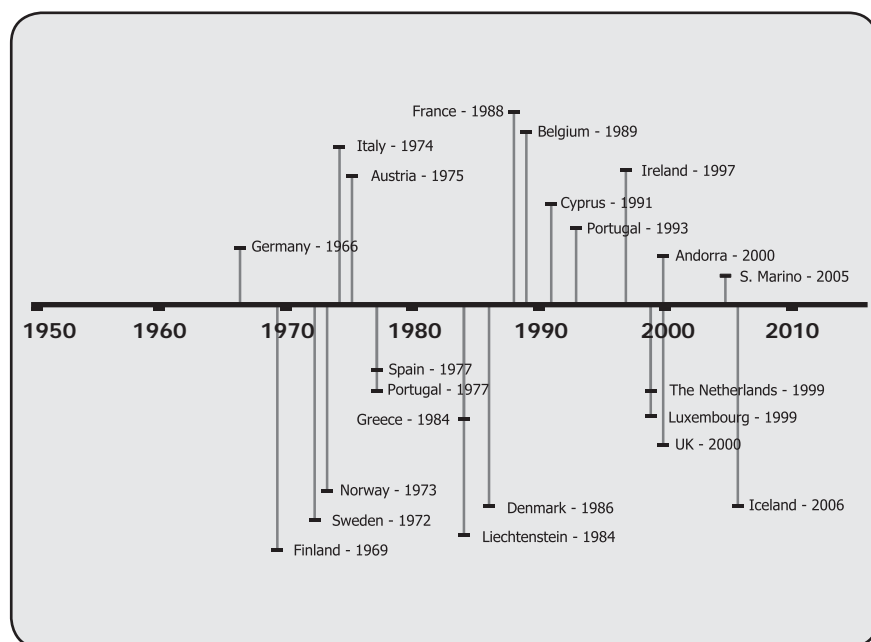
The growing regulation of political finance

The degree to which states should intervene in financing political parties and candidates touches on an underlying debate about how political parties are (and ought to be) conceived. Liberal tradition envisages political parties as private associations that should be free of state interference, including in their financial management. Another body of thought perceives parties as private entities that function as 'public utilities'; state intervention is seen as a necessary means of guaranteeing the fair functioning of democratic processes.⁹ The laissez-faire treatment of political parties has typically characterized countries with a longer democratic experience.¹⁰ For example, Sweden has a long history of democratic institutions; its constitution contains no codification of political parties, it has no laws regulating party activity or organizational functioning, and legislation regulating parties' income was introduced for the first time in 2014. Spain is an example of the opposite—after the Franco dictatorship, it developed a strong tradition of party regulation, reflected in various laws concerning party activity.

The growing regulation of political parties in various sources of party law seems to indicate the decline of the liberal tradition.¹¹ This is particularly true for political finance regulation, as the introduction of public funding for political parties and candidates has justified increasing state intervention in their internal (financial) management. There is growing consensus around the principle of *do ut des*: the idea that there must be a balance between

privileges that political parties obtain and the constraints to which they are subject. Hence, as states grant public financing to political parties and candidates, the latter must adhere to more specific rules.¹² The introduction of direct public subsidies for political parties and the adoption of rules on party income and expenditure prompted a growing number of countries to introduce comprehensive legislation concerning different aspects of political finance (see Figure 7.1.).

Figure 7.1. Year of introduction of political finance laws for parties and candidates in Northern, Western and Southern Europe



Source: Piccio 2012.

Since the first regulation was adopted in Germany in 1966,¹³ there has been a considerable increase in the number of party finance laws in the region. At the end of the 1970s, only eight countries had introduced a law on political finance; two decades later 17 countries had done so. Today only three countries in the region do not have a specific political finance act, two of which are European micro-states.¹⁴ Andorra and San Marino adopted their first political finance laws in 2000 and 2005, respectively, whereas Malta, Monaco and Switzerland have not established any.

Traditions of political finance regulation

Older liberal democracies in the region have historically been more reluctant to infringe on the freedom of association of political parties and have introduced less stringent regulation over political parties' (financial) activities than the neighbouring Eastern European democracies. Yet there is considerable variation in the regulatory patterns within Northern, Western and Southern Europe. Examining the main clusters of political finance rules—including the regulation of income and spending, and enforcement and oversight mechanisms—reveals that countries in Southern Europe generally have higher levels of political finance regulation than those in the north and west. The only exception is the regulation of political finance control mechanisms (disclosure and oversight), where the northern countries are regulated to the same extent as in the south. On average, Southern European countries have almost 10 per cent higher levels of political finance regulation than Northern Europe, and 16 per cent higher levels of regulation than in Western Europe.¹⁵

Recent trends of political finance reform: toward harmonization?

Despite the variation in the political finance regulatory patterns in the region, several aspects suggest a trend toward greater harmonization. First, legislation has become more specific over time. Whereas political finance regulation was previously dispersed among several legislative instruments (e.g., electoral acts, media laws), legislators are increasingly combining the different aspects of political finance into single consolidated and comprehensive legislative acts. Second, more aspects of political finance have become subject to legal regulation, for example rules regulating mechanisms of public accountability, disclosure of private donations and transparency requirements. The latter, virtually absent in the first political finance regulations, have received growing attention from Western European legislators.

The European Union (EU) and various governmental and non-governmental organizations (such as the Council of Europe, the Organization for Security and Co-operation in Europe/Office for Democratic Institutions and Human Rights [OSCE/ODIHR], the Venice Commission, GRECO and Transparency International) have played an important role in promoting the harmonization of legislative frameworks on political finance. In the last decade especially, EU actors have issued an increasing number of reports and recommendations aimed at establishing 'good practices' and 'common principles' related to the transparency of (and public access to) the financial management of political parties and candidates.¹⁶

Sources of income of political parties and candidates

In order to give all political parties and candidates the opportunity to participate in the electoral competition on an equal basis, and translate into practice the democratic principle of the level playing field, states have

introduced various means to control the inflow of money in political life. Private sources of income, traditionally the most important avenues for political funding, range from membership fees to small and larger private donations to income from elected officials. Public sources of income include direct funding for political parties, candidates or election campaigns from the state, as well as indirect state financing through the provision of media access, tax deductions, or the provision of other financial or logistic advantages to political actors. Despite the regulations in force, however, illicit practices of political funding still remain a common and persistent problem throughout the region.

Private funding of political parties

Private funding (membership fees, donations, salary deductions from elected officials, candidates' personal funds) has traditionally accounted for most of political party income, but this is shifting toward public funding. Membership fees and small contributions to political parties and candidates are generally considered beneficial, and serve as a civil society endorsement of political party legitimacy. Together with voter turnout, party membership and party identification figures, 'grass-roots financing' is an expression of citizens' political engagement. Large donations, especially from legal persons (i.e. non-human entities such as corporations, trade unions or other organized interest associations that are treated as persons for limited legal purposes), are perceived as having a pernicious influence. Indeed, private funding is one of the most evident ways in which individual or special interests may 'buy' political representatives in exchange for financial concessions, benefits and favours.

Membership fees and small donations

Membership fees currently account for only a small portion of political parties' income, which represents a shift in some countries. In Norway, for example, membership fees accounted for over half of total party income in the 1950s and 1960s, but now comprise approximately 5 per cent.¹⁷ This drop might be explained by the extreme decrease in party membership that Norwegian parties have experienced since the 1990s.¹⁸ In other countries, membership fees have always constituted a practically irrelevant source of income; membership levels have always been low in Portugal, and only 1 to 2 per cent of political parties' total income in the early 1990s derived from membership fees.¹⁹

As Table 7.1. shows, for the period between 1950 and 1990, the importance of membership fees has declined over time in the majority of the larger Northern, Western and Southern European countries, in some cases even shrinking to one-third of the original share in party income. More recent figures show how this trend has continued until today.

Table 7.1. Membership fees as a percentage of total party income in Northern, Western and Southern Europe, 1950–90

Country	1950s	1960s	1970s	1980s
Austria	88	87	45	26
Denmark	61	59	48	44
Finland	2	2	3	3
Ireland	45	31	45	39
Italy	43	30	14	17
The Netherlands	84	78	73	73
Norway	55	54	28	32
Sweden	25	15	7	8
UK	13	15	21	37

Source: Krouwel 1999, p. 68 (adapted by the author).

In the UK, where longitudinal data point to an increasing significance of membership fees as a percentage of total party income from the 1950s to the 1980s, current figures show a share of 11 per cent. Recent estimates from different sources reveal that membership fees constitute 5 per cent of total party income in Belgium, 13 per cent in France, and 5 per cent in Greece.²⁰ In Sweden, long known for grass-roots involvement in party politics, voluntary income disclosure by the parliamentary political parties indicates that only 3 per cent of their income came from membership dues in 2011.²¹ Political parties still very much rely on membership fees in Ireland, Germany and the Netherlands. In Ireland and Germany, over one-third of total party income derives from membership fees. In the Netherlands they accounted for over 45 per cent of total party income in 2000.²²

Party income from membership fees may vary significantly not only across countries or over time, but also across political parties. In France, for example, income from total party membership fees in 2004 ranged from 719,133 euros (EUR) (I\$849,000) for the Ligue Communiste Révolutionnaire to EUR 8,172,652 (I\$9,650,000)²³ for the Parti Socialiste, constituting 30 and 18 per cent respectively of the parties' total incomes.²⁴ The most recent available data for Norway (2009) show total membership fees ranging from 21,150 Norwegian kroner (NOK) (I\$2,300) for the Christian Coalition Party to NOK 2,895,481 (I\$316,000) for the Christian Democratic Party, constituting 3 and 8 per cent, respectively, of the two parties' total income.²⁵

In addition to membership fees, political parties receive income from voluntary contributions by party members and donations from non-members. Obtaining comprehensive and consistent data on these smaller donations and contributions to political parties has always been challenging due to the lack of available information.²⁶ Moreover, official figures (as well as subsequent

analyses) frequently merge membership fees and small donations²⁷ since it is impossible to distinguish between the two. More recently, the increased importance of transparency in Northern, Western and Southern Europe has improved access to information on all donations to both political parties and candidates. In some cases this stems directly from regulations prescribing compulsory formats in which smaller donations must also be reported and made publicly accessible. Since a 2007 amendment to its political finance law, for example, political parties in Luxembourg have been obliged to disclose information on individual donations exceeding EUR 250 (I\$290). This provides the opportunity to assess private donation levels in greater detail, and to compare the ratio between small and large donations to political parties. Is it the case, as is commonly acknowledged, that private funding to political parties mainly consists of large donations, and that smaller donations no longer constitute a relevant source of income to political parties?

Table 7.2. Reported donations to political parties in Luxembourg, 2009–11

	2009*	2010	2011
<EUR 1,000 (I\$1,200)	EUR 26,009 (I\$30,000) (29%)	EUR 18,748 (I\$22,000) (71%)	EUR 103,802 (I\$120,000) (63%)
>EUR 1,000 (I\$1,200)	EUR 63,885 (I\$74,000) (71%)	EUR 7,513 (I\$8,700) (29%)	EUR 61,894 (I\$72,000) (37%)
Total amount of donations reported	EUR 89,894 (I\$104,000) (100%)	EUR 26,261 (I\$30,000) (100%)	EUR 165,696 (I\$191,000) (100%)
Total number of reported donations	<EUR 1,000 (I\$1,200): 63 >EUR 1,000 (I\$1,200): 24 Total: 85	<EUR 1,000 (I\$1,200): 61 >EUR 1,000 (I\$1,200): 6 Total: 67	<EUR 1,000 (I\$1,200): 169 >EUR 1,000 (I\$1,200): 43 Total: 212

Source: Chambre des Députés du Grand-duché de Luxembourg.

*Election year: national parliamentary elections and elections to the European Parliament

The breakdown of donations reported in Table 7.2. shows how small donations²⁸ represent a larger proportion of Luxembourgish political parties' income than large donations. For both 2010 and 2011, they accounted for over 60 per cent of total donations received. The figures were reversed in 2009, when both national elections and elections to the European Parliament (EP) took place: larger donations—including two donations exceeding EUR 10,000 (I\$12,000)—accounted for almost three-quarters of total donations.

The increased attention being given to transparency principles has also encouraged (or sometimes required) more political parties to publish their annual financial statements on their website, often including detailed information on donations received. For example, since 2003 the Dutch Social Democratic Party (Partij van de Arbeid, PvdA) has posted its annual financial accounts on its website, including donations above EUR 500 (I\$610).

Table 7.3. Reported donations to the Dutch Social Democratic Party, 2010–12

	2010*	2011	2012*
<EUR 1,000 (I\$1,200)	EUR 21,241 (I\$26,000) (37%)	EUR 7,500 (I\$9,100) (39%)	EUR 15,910 (I\$19,000) (31%)
>EUR 1,000 (I\$1,200)	EUR 35,443 (I\$43,000) (63%)	EUR 11,850 (I\$14,000) (61%)	EUR 35,313 (I\$43,000) (69%)
Total amount of donations reported	EUR 56,684 (I\$69,000) (100%)	EUR 19,350 (I\$23,000) (100%)	EUR 51,223 (I\$62,000) (100%)
Total number of reported donations	<EUR 1,000 (I\$1,200): 37 >EUR 1,000 (I\$1,200): 20 Total: 57	<EUR 1,000 (I\$1,200): 14 >EUR 1,000 (I\$1,200): 6 Total: 20	<EUR 1,000 (I\$1,200): 29 >EUR 1,000 (I\$1,200): 22 Total: 51

Source: <http://www.pvda.nl/>

* Election year: national parliamentary elections

Although large donations appear to make up the bulk of total party income from private contributions to the PvdA, smaller donations accounted for almost one-third of private contributions to the party in 2010, 2011 and 2012. Yet in both Luxembourg and the Netherlands, private contributions represent only a small portion of total party income. In Luxembourg, the most important source of party income is state funding (see Figure 7.5.). In the case of the PvdA, state funding accounts for almost 40 per cent of total income.

Small donations are not an important source of income in Austria, France, Norway, Greece or Belgium. This might be explained by the general trend of disenchantment with political parties in Northern, Western and Southern Europe,²⁹ which has resulted in a decline in citizen contributions. Belgium has seen a steady decline in both the amounts of donations to political parties (they accounted for only 0.3 per cent of total party income in 2007) and the number of donations to candidates.³⁰

Large donations and corporate contributions

Overall, the ‘beneficial’ sources of private income have been declining, as membership fees and small donations no longer constitute a reliable source of income for parties in Northern, Western and Southern Europe. But do the ‘pernicious’ sources of private income play a relevant role in parties’ financial inflows? Information on large donations to political parties is now more easily accessible. Transparency requirements have been introduced to give citizens information about the larger financial flows to political parties, in particular from companies and business enterprises.

Previous research has reported a pattern of corporations withdrawing from politics, indicating a decline in corporate contributions as a source of political funding.³¹ Evidence of a long-term decline has been observed in Germany and Sweden, but

also in the UK, where corporate donations formerly constituted the most relevant source of party revenue, especially for the Conservative Party. According to recent analyses, the proportion of donations to the Conservatives from the financial services sector has now dropped to 51.4 per cent of total income, from 60–90 per cent in the 1950s to the late 1980s.³² The decline of corporate donations to the UK Conservative Party since the 1990s has been explained by the Labour Party's ideological changes—in particular its departure from socialism (which meant that there was less cause for companies to make significant donations to the Conservatives)—and by a growing negative perception of corporate donations on the part of the public: businesses perceived such donations as a controversial practice to be avoided.³³ Ireland has also experienced a decline in corporate contributions. Comparing the 2011 political parties' donations statements with those from 2002,³⁴ it is remarkable to observe that not only the total amount of reported donations decreased considerably (from EUR 265,800 [I\$301,000] in 2002 to EUR 30,997 [I\$35,000] in 2011), but also the number of corporate donations has dropped. Noticeably, the most relevant source of income among the private contributions disclosed by Irish political parties is contributions from members of the Dáil Éireann (House of Representatives) and members of the EP (MEPs). Recent data published by the Treasury of the Italian Chamber of Deputies show similar figures. Of the reported private contributions by the two major Italian political parties (Partito Democratico and Popolo della Libertà) for 2012, no large or corporate contributions appear, despite the lowering of the reporting threshold from EUR 50,000 (I\$62,000) to EUR 5,000 (I\$6,200) in 2012. While there may be some undisclosed corporate donations that are not revealed by the official data, there does appear to be a trend of reduced corporate donations, which could be attributed to an overall drop in support for politics and political parties. Alternatively, large donors may simply have been scared off by the heightened transparency requirements. This decrease in corporate contributions appears to be offset by individual contributions from individual members of parliament (MPs) and MEPs.³⁵ Large donations also constitute only a small part of the total income of political parties in Greece, the Netherlands, Sweden and Norway.

Further sources of private income for political parties and candidates may derive from the activity of 'third parties', that is, issue advocacy groups or individuals that campaign for individual candidates, political parties or issues. Continental Western Europe has so far had very little third-party regulation; Ireland and the UK are the only countries in the region that have established donation ceilings and expenditure limits for third parties. Spain has a specific ban on third-party donations.

Bank loans are another source of income. Greek political parties have been borrowing from banks since the end of the 1990s, providing (future) state financing as a guarantee. Over time, this type of income has become increasingly more significant. In 2001, bank loans accounted for 33 and 11 per cent of the total income of the two main political parties in Greece

(PASOK and Nea Demokratia); in 2007 bank loans accounted for 63 and 42 per cent, respectively.³⁶

Large donations and contributions from companies are considered potentially dangerous for democratic political processes. Thus states have introduced different types of rules to prevent or limit the possibility that private companies or wealthy individuals can influence the political arena, and to enable political parties to maintain sufficient independence from the private interests of a wealthy few. This has been done by imposing qualitative and/or quantitative restrictions on the private income of political parties and candidates.

Qualitative restrictions: contribution bans

The sources of private funding that have been most frequently subject to restrictions are foreign entities, corporations, (semi-)public institutions and trade unions. A large number of states also prohibit political parties and candidates from accepting anonymous contributions and set limits on cash donations. According to the Committee of Ministers of the Council of Europe, states should introduce qualitative restrictions on the sources of private funding to political parties in order to avoid prejudicing the activities of political parties, and to ensure their independence.³⁷

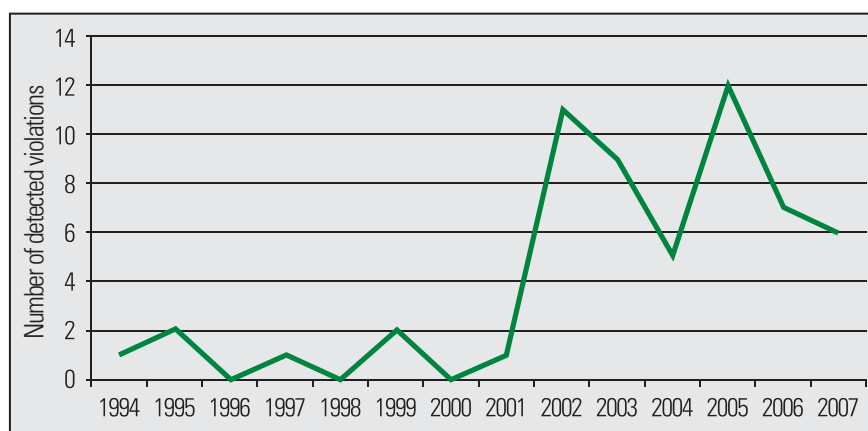
Three findings can be derived from an analysis of five common contribution bans (donations from trade unions, anonymous sources, semi-public organizations, foreign entities and corporations) in Northern, Western and Southern Europe.

First, most Northern, Western and Southern European countries prohibit donations from foreign entities, companies with mixed public and private capital, and anonymous donations. Second, bans on contributions to political parties or candidates are significantly more common in Southern European countries (over 45 per cent), whereas less than 30 per cent of Western European and Nordic countries restrict private donations. This may be explained in part by the Southern European countries' overall higher levels of regulation. Third, there is no significant distinction between regulating parties and regulating candidates, which is common in other parts of the world.

In practice, however, the mere presence of contribution bans in the political finance legal framework does not ensure that rules are indeed implemented, or that financial flows do not take place outside the regulated area—particularly when mechanisms of rule enforcement and sanctions are poorly developed. Portugal (along with France and Greece) has introduced the greatest number of restrictions on private donations to political parties and candidates. Through various amendments introduced in the political finance legislation since the mid-1990s, all the main sources of donations discussed above have been banned in Portugal (including corporate donations, since 2000). Yet illegal donations to parties and candidates still take place, and circumvention

of the rules is commonplace.³⁸ Figure 7.2. shows the number of infractions related to private donations, as identified by external financial audits.

Figure 7.2. Infractions related to annual private donations in Portugal, 1994–2007



Source: De Sousa 2012, p. 15 (adapted by the author).

Figure 7.2. shows that the number of detected violations on private donations to political parties and candidates has increased considerably in Portugal during the last ten years. This trend can be explained in part by the strengthening of the political finance supervision that was established in Portugal in the mid-1990s. After being unmonitored for almost 20 years, party financial activity came under the supervision of a newly established independent body and became more accurately controlled.³⁹ Yet this figure also shows how rules restricting private donations have all but encouraged political actors to rely on illegal practices. For example, an inquiry was opened in 2005 after party officials of the Christian Democratic Party allegedly made a list of non-existent names to justify the origin of 105 cash donations deposited in their electoral accounts.⁴⁰ In March 2010, the Christian Democratic Party and two other parties were fined for irregularities in campaign financing, including illicit funding.⁴¹

Quantitative restrictions: contribution limits

The Committee of Ministers of the Council of Europe recommended that states should set contribution limits.⁴² European countries have established comparatively high levels that eligible donors are allowed to contribute to political parties or candidates (see Table 7.4.).

Table 7.4. Annual limits on contributions to political parties in Northern, Western and Southern Europe*

	Belgium	Cyprus	Finland	France	Greece	Iceland	Ireland**	Portugal	Spain
Euros	4,000 (I\$4,700)	8,000 (I\$11,000)	30,000 (I\$32,000)	7,500 (I\$8,900)	15,000 (I\$20,000)	2,800 (I\$20)	2,500 (I\$2,800)	10,650 (I\$15,000)	100,000 (I\$135,000)

Source: International IDEA Political Finance Database.

* Donations from natural persons only

** As of the 2012 political finance reform

Northern, Western and Southern European countries generally set contribution limits for parties in relation to election campaigns (42 per cent of countries) or on an annual basis (38 per cent of countries). About one-third of the countries also limit the amount that can be given to a candidate. Southern European countries use contribution limits more than countries in the north and west of the region.

Yet, as the political scandals in recent years have revealed, donation caps are violated and legally circumvented. In France, for instance, the Commission Nationale des Comptes de Campagne et des Financements Politiques (CNCCFP) reported on the circumvention of donation caps by establishing ‘satellite parties’.⁴³ Under French legislation, while a donor may contribute a maximum of EUR 7,500 (I\$8,900) to a political party per year, no regulation prevents donations up to this amount to several political groups, and no regulation prevents the beneficiary parties from transferring donations to another political movement. Thus, the Commission warned that these ‘satellite’ groups (which increased in number from 28 in 1999 to 255 in 2004) act as financial conduits for individual donations and allow larger parties to circumvent the maximum ceiling on individual donations.⁴⁴ Despite this loophole in legislation, the CNCCFP more recently reported that there is no evidence of substantial financial flows from satellite parties to larger parties; on the contrary, a large number of satellite parties benefit from funding from larger parties.⁴⁵

Public funding of political parties

Indirect public funding

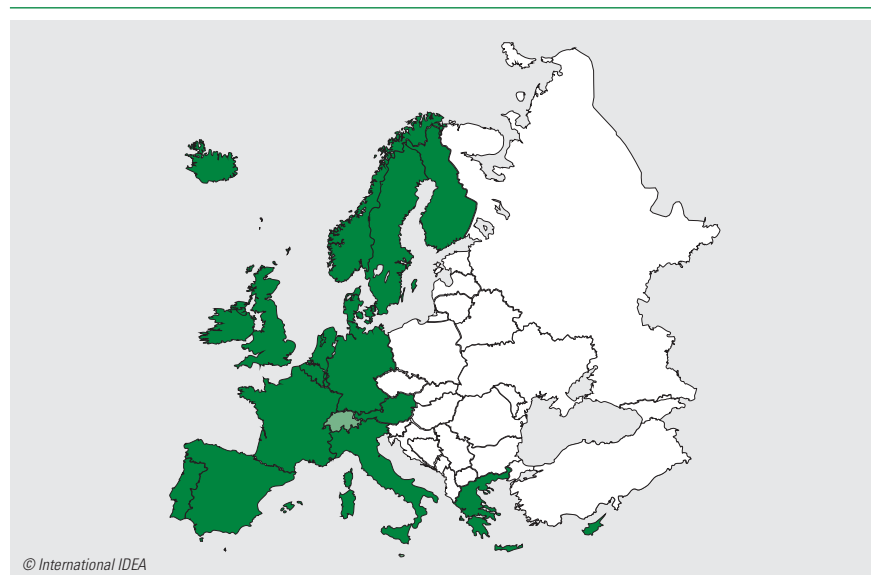
State funding is provided to political parties and candidates in two main forms: direct funding of party organizations and campaign activities, or indirect funding, e.g. media access in public broadcasting, tax benefits, use of public town halls for meetings, etc.⁴⁶ Depending on which type of indirect public funding is available, it can be a sensible cost-efficient complement (or alternative) to direct public funding, which involves direct monetary transfers that in many cases can be used freely by the recipient. Thus indirect public funding has another major benefit: it can more easily be targeted to help level the playing field in a specific area.

Northern, Western and Southern European countries do not provide free or subsidized media access more than countries in other regions in the world. While two-thirds of these European states offer this provision to parties, only one-third do so for candidates. Thirty per cent of the states that do offer media provisions offer it equally to all eligible parties. It would be unrealistic to provide it to all candidates.

All Northern, Western and Southern European states except Liechtenstein offer some type of indirect public funding provisions—tax benefits are the most common—and these provisions are much higher than elsewhere in the world. Such funding provisions can, however, differ significantly in scope and generosity. Examples range from the modest Swedish provision, whereby party secretaries enjoy free access to technical equipment and premises in the Riksdag (the parliament), to Cyprus, where public funding and private donations to parties are exempt from taxation. Other countries, such as Iceland, offer tax relief for donors in order to incentivize grass-roots donations. Space for placing campaign materials is another popular type of indirect public funding; it is offered in seven states, most commonly in the form of free designated spaces to display campaign posters.

Direct public funding

Figure 7.3. Northern, Western and Southern European countries that offer direct public funding for political parties



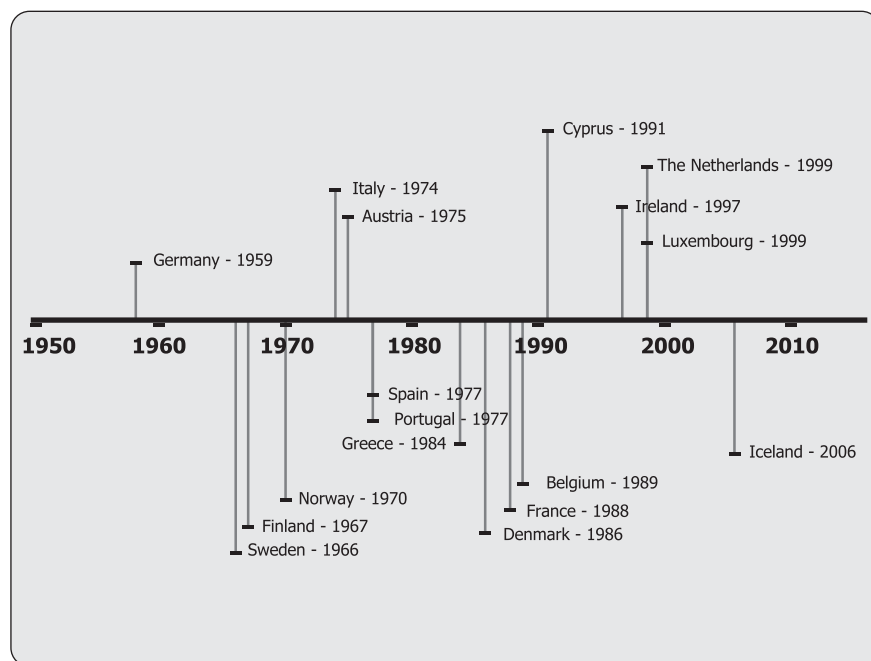
■ Yes

■ No

Source: International IDEA. This map is based on data collected up to February 2014. Data are continuously updated on the International IDEA Political Finance Database. See <http://www.idea.int/political-finance/question.cfm?id=270>

Of the 24 European countries considered in this chapter, only three offer no direct public funding to cover organizational expenses, campaign expenses, or both: Andorra, Malta and Switzerland. Figure 7.4. shows the year in which direct public funding was introduced in 17 of these countries.

Figure 7.4. The introduction of direct public funding of political parties in Northern, Western and Southern Europe



Source: <http://www.partylaw.leidenuniv.nl>

The trend toward introducing direct public subsidies is uncontroversial; in the countries that do not have it, there is debate over whether it should be introduced. In Malta, the introduction of public subsidies to political parties has recently entered the political agenda.⁴⁷ In Switzerland, while federal regulation is absent, two cantons (Geneva and Fribourg) have introduced legislation on the reimbursement of campaign expenses, and a number of recent initiatives to regulate political finance have been presented to the Swiss National Council (and so far have been rejected).⁴⁸ Switzerland is restrictive about introducing public funding due to its liberal tradition of non-interference by the state in the private sphere of political party activities. In the UK, which has very limited direct public funding of political parties, the possibility of introducing a more solid system of public funding has been intensively discussed, especially in the last 20 years.⁴⁹ However, this debate has not led to any major changes, partially due to the fear that parties would

lose touch with their members once they are no longer financially dependent on them.

If levelling the playing field of electoral competitions is among the fundamental justifications for introducing direct public funding, thresholds for accessing this funding and deciding how the funds are distributed are crucial for its implementation.

As in most countries around the world,⁵⁰ most political finance regulations in Northern, Western and Southern Europe have defined eligibility for public funding based on a combination of two criteria: the share of votes obtained in parliamentary elections, and representation in the elected body. Only five countries in these regions (Spain, Belgium, the Netherlands,⁵¹ Finland and the UK) provide direct public funding to just parliamentary parties. This approach has been criticized, as it undermines the principle of levelling the playing field: it makes it harder for new parties to enter the political arena and compete under fair conditions with the better-established parties. Indeed, under the OSCE/Venice Commission guidelines on party regulation, the pay-off threshold for public funding should be lower than the electoral threshold.⁵²

The degree to which this criterion is harmful (or not) for the pluralism of political parties depends on the electoral threshold used. In Finland and the Netherlands, where the electoral threshold is particularly low,⁵³ the eligibility criterion of representation in an elected body clearly does not constitute a problem in terms of political pluralism. It may raise concerns in Spain and Belgium, where the electoral threshold is 3 and 5 per cent of the votes, respectively.

Northern, Western and Southern European countries' distribution criteria for public funding are also in line with those elsewhere in the world. The most common allocation procedure entails an equal sum distributed equally to all parties that meet the eligibility threshold ('absolute equality') and an additional variable sum, which is distributed in proportion to the votes or seats obtained in the most recent parliamentary elections ('equitability').

The German and Dutch allocation mechanisms include incentives to encourage citizens' political participation and stimulate political parties to maintain a social anchorage.⁵⁴ In Germany, funds are distributed based on both a party's success in the most recent elections and the amount of private donations received (the 'matching funds' rule). Under the German regulation, only a given percentage of the parties' income can be provided by the public purse, and public subsidies cannot be higher than the private funds raised by the party. This regulatory requirement plays a crucial role in keeping the state dependency of political parties in Germany the second-lowest in Western Europe. In the Netherlands, funds are distributed based on three criteria: a fixed amount is distributed to all parties represented in parliament; additional funds are distributed depending on the number of seats obtained; and a

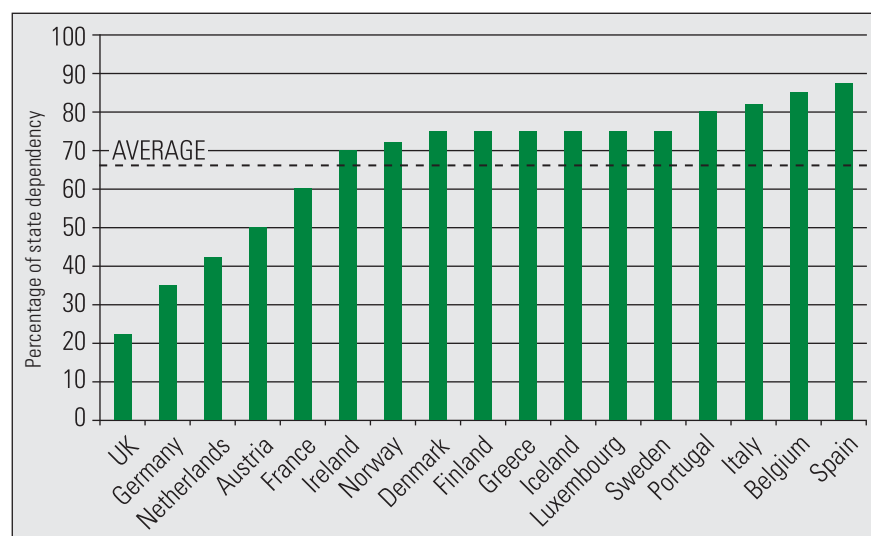
further amount is distributed in proportion to the number of contributing party members.

There is greater variation across countries with respect to provisions for how public funds should be used. Nearly half of the countries in Northern, Western and Southern Europe do not earmark public funds. Those that do prescribe their use in very general terms (i.e., ‘campaign spending’ or ‘ongoing party activities’). Exceptions include Germany and the Netherlands, which earmark funds for membership education, research initiatives or women’s wings.

Public funding and parties’ dependency on the state

Of the sources of income for political parties, public funding probably attracts the most vivid discussion among policy makers, academics and society at large since it is now (quantitatively) the most important source of revenue for parties in the region; it accounts for an average of 67 per cent of the total income of political parties in Europe (see Figure 7.5.). These data are striking, especially when compared to other areas of the world. In South America, for instance, the percentage of state dependency is only 35 per cent.⁵⁵

Figure 7.5. The dependency of political parties in Northern, Western and Southern Europe on state funding



Source: GRECO evaluation reports. Transparency and Party Funding (adapted by the author).
Note: Figures refer to 2007–11 except for the UK (2012). Averages are computed when range estimates are reported by GRECO. Data were unavailable for Cyprus, Liechtenstein, Monaco and San Marino.

Unsurprisingly, state funding accounts for the lowest proportion of total party income in the UK.⁵⁶ Between 2000 and 2010, public funding varied from

2 per cent for the Labour Party (since it was in government) to 51 per cent for the Democratic Unionist Party. For the Conservative Party, which was in opposition during that period, state funding accounted for 15 per cent of total party income.⁵⁷ In Germany and the Netherlands, the percentage of state funding is also comparatively low, which suggests the success of allocation procedures that include incentives to promote political involvement from the citizenry (the ‘matching funds’ system). While private contributions have remained the most important source of income for Dutch political parties—even after the introduction of direct public funding in 1999—there is a trend toward increasing party dependence on state resources in the Netherlands. Public funding accounted for only 26 per cent of total parties’ income in 2000, but accounted for 42 per cent in 2005–06.⁵⁸ In Spain, Belgium, Italy and Portugal, public funding accounts for over 80 per cent of total party income.

The growing amount of public funds available to political parties is the source of frequent criticism. Politics may have become more costly because of its increasing commercialization and reliance on the media,⁵⁹ challenging the maintenance of the ‘heavy’ and bureaucratized party structures that traditionally characterized Northern, Western and Southern European countries. Yet the weight of public funding as a proportion of total annual party income, which in some parties exceeds 90 per cent of total revenues, is hardly justifiable. Indeed, while encouraging the provision of public funding to political parties as a means of levelling the playing field of electoral competition, the Council of Europe equally stressed that public financing should not be the only source of income for a political party, because such a scenario would weaken the link between voters and parties.⁶⁰

Party finance regulation is unique in that the parties are the principal agents of their own legal rules. Academics have often stressed the inherent conflict of interest, as legislators are also partisans.⁶¹ In one of the most influential propositions developed in the political science literature in recent decades, Katz and Mair’s ‘cartel party’ thesis asserts that public subventions enable parties to guarantee their own financial interests and organizational survival while further withdrawing from society.⁶² Others have questioned whether the revenue maximization logic ought to be the sole possible explanation for political finance regulation.⁶³ Self-serve logic would not explain, for example, the convergence toward greater transparency of political finance rules in Europe or the reduction of party subsidies.

In fact, it is worth mentioning that a number of Northern, Western and Southern European countries (noticeably those that have been hard hit by the financial crisis) have reduced the amount of public funding to parties. In line with broader government austerity measures, party subsidies have been reduced in Italy (in 2007 and 2012), Portugal (in 2010) and Spain (in 2012).⁶⁴ This seems to substantiate the role of environmental and societal factors in political finance reforms, and suggests that political parties may be more responsive to citizens than is often assumed.

Political funding and women's representation

The percentage of women represented in the lower (or single) houses of parliament in the 24 countries under observation in this study is 29 per cent, on average.⁶⁵ Contrary to conventional wisdom, differences between Northern, Western and Southern Europe and other regions in the world are not very significant in this respect: the percentage of women represented in lower or single houses of parliament ranges from 24 per cent in the Americas and 21 per cent in sub-Saharan Africa to 18 per cent in Asia and 16 per cent in the Arab states.

In order to promote the participation of women in politics, a large number of countries around the world have introduced legislated quotas or gender balance regulations. Europe, however, despite the persistence of a gender gap, has mainly voluntary party quotas. Only six countries have national-level regulations promoting gender balance:⁶⁶ Belgium, France, Greece, Ireland, Portugal and Spain. Of the 21 countries that provide state funding to parties, only France, Ireland, Portugal and Italy link direct public funding to parties with gender equality.

France has the most established tradition in this respect. After the constitutional revision adopted in 1999,⁶⁷ the French legislature amended the 1988 political finance law to require all French political parties to field an equal number (50 per cent) of male and female candidates in elections at all levels. Under the amended political finance law from 2000, if parties fail to field an equal percentage of male and female candidates and the difference exceeds 2 per cent of the total number of candidates on the list, they face financial sanctions.⁶⁸ These provisions seem to have played a role in increasing female representation in France: from 12 per cent in 2002, to 19 per cent in 2007, to 27 per cent in 2012.⁶⁹ It was estimated that in 2012 the Union for a Popular Movement (Union pour un Mouvement Populaire, UMP) lost over EUR 4 million (I\$4.7 million) for fielding only 26 per cent female candidates.⁷⁰

Allocation procedures in France require that the total amount of funding is divided into two equal portions: the first half is distributed according to the percentage of votes obtained by each party, and the second is distributed to political parties represented in the National Assembly and Senate proportionally to the number of MPs that support one of the political parties eligible for the first allotment. Financial sanctions, however, are only applied to the first category of public funding. This approach means that the regulation acts as an effective constraint for small parties, but the cost of non-compliance, especially for the largest parties, is substantially reduced. Indeed, a EUR 4 million (I\$4.7 million) deduction of public funding is a minor percentage of the average public funding that larger political parties receive (in 2011, the UMP received EUR 33.3 million [I\$39.4 million]).⁷¹ According to a UMP party official, 'We still prefer to pay fines than lose elections!'.⁷² If parties expect to be more electorally successful in fielding a male candidate, they would arguably not mind the reduction in public funding.

In Ireland, under the Electoral (Amendment) (Political Funding) Act of 2012, public subsidies to political parties are reduced by 50 per cent unless at least 30 per cent of the candidates of each political party are female. This figure will rise to 40 per cent in subsequent general elections.⁷³ In Portugal, parties that do not have at least 33 per cent of each gender represented among their candidates can lose 25 to 80 per cent of their public funding.⁷⁴ In Italy, while no legislated quotas have been introduced at the national level, political funding regulation prescribes a reduction in subsidies to parties that do not spend at least 5 per cent of their public funding to promote initiatives aimed to increase the active participation of women in politics.⁷⁵

Despite the persistent gender gap in Northern, Western and Southern Europe—and parties' exceptional reliance on state resources—legislators in this region have largely overlooked the possibility of linking public funding of political parties to gender equality. Moreover, the few that have enacted such provisions do little to address some of the key barriers that women in politics have encountered, particularly in relation to fundraising in the earlier stages of election cycles. Indeed, women have less access to financial resources and moneyed social and professional networks, which (especially in candidate-centred systems) affects their capacity to generate resources and thus their likelihood of being elected.⁷⁶ Different women's organizations and networks have been established to support female candidates. Drawing on the North American experience of EMILY's List, women's 'sister organizations' offering financial grants to female candidates have also been flourishing in Europe. In some cases, individual parties have set up initiatives to channel funds to female candidates (such as the Spanish Gender Equality Office or the Labour Party in Ireland). Yet there are remarkably few legislative prescriptions in this direction.

Increasing attention has been paid in recent years to gender-balanced representation. The 2010 Guidelines on Party Regulation and the EP 2012 resolution on women in political decision making asserted that gender parity must be among the 'reasonable' minimum requirements for receiving public

Despite the persistent gender gap in Northern, Western and Southern Europe—and parties' exceptional reliance on state resources—legislators in this region have largely overlooked the possibility of linking public funding of political parties to gender equality.

funding.⁷⁷ The EP resolution also tackles the important challenge of fundraising for female candidates by encouraging member states to increase measures to support women's organizations, including by providing them with adequate funding and creating platforms for cooperation and gender campaigning in elections.⁷⁸

A particular case linking women's representation and public funding to political parties is the Dutch orthodox protestant party, the *Staatkundig-Gereformeerde Partij* (SGP). Based on its interpretation of the Bible, the SGP

did not allow female party members and did not grant women passive suffrage. A court decision in September 2005 established that excluding women from party membership was in violation of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)⁷⁹ and suspended public funding to the SGP, which would have cost the party about EUR 800,000 (I\$971,000) a year.⁸⁰ The case provoked an important legal debate in the Netherlands on the relationship between different constitutional rights: the right of association, political opinions and religious belief on the one hand, and the right to non-discrimination on the other.⁸¹ In December 2007 the court of second instance abrogated the previous ruling and reintroduced (retroactively, for 2006 and 2007) public subsidies to the SGP. The SGP changed its internal statutes to allow women to become party members from 2006.⁸²

Regulation of spending by political parties and candidates

The regulation of spending by parties and candidates is based on the same underlying principles as the regulation of private donations and the provision of public funding to parties: reducing the advantages of those with access to more financial resources and levelling the playing field—and, hence, protecting the democratic process. In other words, legislation should ensure that all political parties and candidates are able to run election campaigns, and that no expenditure on behalf of any candidate or party is disproportionate.⁸³ Northern, Western and Southern European countries have introduced several restrictions on party and candidate spending, with varying degrees of effectiveness. This section will also discuss the underlying tension between political spending limits and citizens' fundamental rights, such as the freedom of expression.

Spending regulations can restrict the total amount that a political party or a candidate may spend, as well as restrict particular forms of spending. Bans on vote buying are common in these regions, and in most cases are regulated not under political finance laws, but rather in electoral codes (Belgium, France, Italy) or penal codes (Denmark, Germany, Greece, Sweden). Moreover, prohibitions on vote buying were often introduced at the very earliest stages of the establishment of European democracies.

On the other hand, spending limits for parties or candidates are not very common in Northern, Western and Southern Europe. Fewer than half of the countries in the region have introduced any such limits. These figures match the world trends: 29 per cent of Northern, Western and Southern European countries regulate spending by parties (the same as the world average), and 42 per cent of countries in the region regulate spending by candidates (2 per cent less than countries in other regions).⁸⁴ Eastern European countries have introduced greater regulation of political finance.⁸⁵

Most Northern, Western and Southern European countries that have spending restrictions apply them to both regular party spending and campaign spending. Only four countries in the region (France, Iceland, Ireland, Spain) restrict only one type of spending. This is a remarkable difference from other regions, where legislators have distinguished between types of spending, which may provide opportunities to circumvent regulations easily.

Problems related to rule implementation and effectiveness also apply to spending rules. Bans on vote buying have proved to be ineffective in Italy,⁸⁶ where diverse forms of exchanging economic, material or occupational benefits for votes have continued for over half a century, including the ‘vote packages’ organized by criminal organizations in exchange for financial benefits and policy favours.⁸⁷ In France in the late 1990s, violations of spending limits did not necessarily lead to sanctions, after an amendment was included that allowed judges to opt out if ‘the good faith of the defendant could be established’.⁸⁸ In Spain, expenditure limits have been ignored; the Court of Auditors recently denounced the country’s systematic under-reporting.⁸⁹

Expenditure limits can also be circumvented. For example, if spending limitations are restricted to a brief time frame, parties may push campaign expenditures forward to avoid them. This has been the case in Ireland, where the Standards in Public Office Commission signalled the problem of ‘front loading’. According to the Commission, the parties’ behaviour both undermines the purpose of expenditure limits and risks discrediting the provisions of the Act.⁹⁰

Finally, the purpose of restricting expenditure may be undermined when the limits are set excessively high. This has been argued to be the case in the UK. While national spending limits were introduced in the 2000 Political Parties, Elections and Referendums Act (PEERA) in order to reduce campaign spending and narrow the spending disparity between the larger and smaller parties,⁹¹ excessively high ceilings have arguably obscured both goals.⁹²

Yet the establishment of excessively low spending ceilings is also problematic, as they may artificially restrict voters’ access to information. The establishment of overly strict spending limits has received much attention in anglophone countries, in particular after the *Bowman v. UK* case, the outcome of which resulted in a raising of spending ceilings for third-party contributions to election campaigns in the PEERA. The European Court of Human Rights found that a very strict restriction on spending related to an election by a private person (at the time of the ruling, 5 pounds sterling [GBP] [I\$8]) was an unreasonable infringement of freedom of expression as protected by Article 10 of the European Convention on Human Rights.⁹³ In two similar cases, the Court had to decide—ultimately ruling in both cases for their compatibility with the Convention—whether the ban on paid broadcasting in Switzerland and the UK infringed the right to freedom of expression.⁹⁴ As with the case of the Dutch party refusing women’s passive suffrage discussed earlier, these examples show how political finance regulations have direct implications on

citizens' fundamental right of political expression, and how legislators need to carefully balance regulations accordingly.⁹⁵

Levels and types of spending

According to conventional wisdom, political parties and candidates spend more money than they used to, and will spend as much as they are allowed to. Increases in party and candidate expenditure have often been related to campaign professionalization processes and technical changes. Comparative analyses on party spending from the 1970s to the 1990s confirm a trend of rising campaign expenditure in Northern, Western and Southern European countries.⁹⁶ Table 7.5. shows the costs of French presidential elections from 1981 to 2002.

Table 7.5. The costs of French presidential elections, 1981–2002

	1981	1988	1995	2002
Total cost (in million EUR)	47.6 (I\$56.2)	114.4 (I\$135)	133.5 (I\$157.6)	200.5 (I\$236.7)
Average cost per registered voter	EUR 1.31 (I\$1.54)	EUR 3 (I\$3.54)	EUR 3.34 (I\$3.94)	EUR 4.86 (I\$5.75)

Source: Conseil constitutionnel.⁹⁷

Over the last 20 years in France, the number of candidates running in presidential elections has increased (from 10 in 1981 to 16 in 2002), while the average cost of a presidential campaign for each registered voter has quadrupled. Similar figures apply to the Netherlands. In 1989, political parties spent just over EUR 2 million (I\$2.43 million) on their election campaigns, and the figure rose above EUR 8 million (I\$9.71 million) in 2012—decreasing from the 2010 peak of almost EUR 10 million (I\$12.14 million).⁹⁸ This drop is probably explained by the fact that two elections took place so close together and that by 2012 the parties had already depleted their war chests. The most recent figures from the UK provide an interesting example in the opposite direction. In the 2010 UK general elections the overall aggregate party expenditure on the national level was 26 per cent lower than in the previous elections in 2005. This also applied to party spending for the EP elections in 2009, which was also significantly lower than it was in the previous elections of 2004.⁹⁹

In addition to the problem of finding reliable data sources, any comparative analysis of levels of party and candidate spending implies a number of further methodological problems. First, party and candidate spending differs substantially depending on whether it is measured in election years or non-election years. Second, for an overall assessment of how much democracies cost and spend, it is crucial to take the size of the countries into account. Finally, floating currencies and variable exchange rates are additional problems.¹⁰⁰

Reporting, external oversight and enforcement of political finance regulations

Rules on private donations, earmarked funding, or spending limits for political parties and/or candidates are of little importance unless they are backed up by an effective enforcement system—which includes reporting mechanisms, a body responsible for monitoring political parties' financial accounting, and sanctions. This section will assess the regulations on reporting by political parties and candidates, the institutions responsible for oversight of the parties' accounts and the sanctions in force in Northern, Western and Southern Europe. Moreover, it will discuss the extent to which these regulations are effectively implemented.

Reporting requirements

Reporting rules are crucial for ensuring that political parties and candidates comply with the political finance legislation, and for guaranteeing that their financial conduct is subject to external scrutiny. The Council of Europe's Committee of Ministers recommends that parties should report to an independent authority at least annually.¹⁰¹

Compared to elsewhere in the world, Northern, Western and Southern Europe show a higher degree of regulation on reporting, both in relation to the requirement of regular reporting of political parties (often annually) and of party and candidate campaign finances. This could be explained by the particular logic of party politics in these countries, where party organizations have been particularly important as permanently active membership bodies vis-à-vis the more electoral-based logic in other regions in the world.¹⁰² Countries in this region appear, however, seem to have regulated less than the world average on candidate disclosure, and on requirements for political parties and candidates to disclose donors' identities.

The only three countries in Northern, Western and Southern Europe that do not require political parties to present financial accounts—Andorra, Malta and Switzerland—are also the only countries in the region that do not provide direct public funding to political parties (although Andorra provides public funding in relation to electoral campaigns). In the only two Swiss cantons that provide public funding to political parties (Ticino and Geneva), parties are required to meet certain transparency obligations. This shows how political finance legislation in the region is characterized by the integration of two fundamental components of political funding: (1) the financing of political actors by the state, which facilitates their organizational survival, and (2) the restrictions to compel political actors to comply with a number of rules favouring greater transparency.

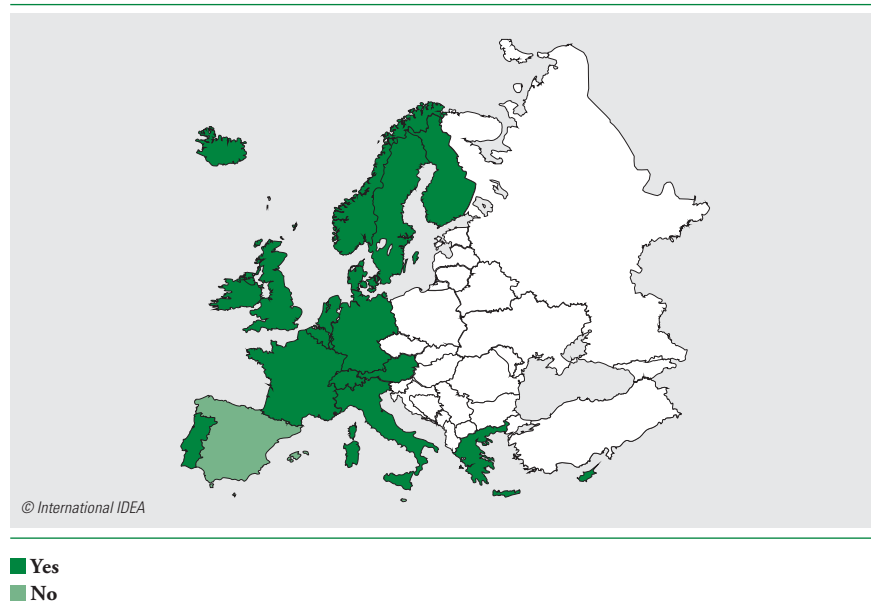
According to the Council of Europe, parties and candidates should be subject to similar prescriptions.¹⁰³ Yet there is a marked difference between

the reporting requirements for parties and candidates. Of the 24 countries in the area, almost all require parties to present financial accounts, while only half require candidates to report. This distinction is particularly noteworthy, because—like the establishment of spending limits discussed above—excluding one of the two from the duty to report may present an easy way to circumvent political finance regulations: funds can be channelled through the stakeholder that does not have to report, thus obscuring an important element of political financing. This is the case for national-level candidates in Portugal;¹⁰⁴ for Norway, where the legislation concerning funding and reporting only applies to registered political parties; and for Germany, which also treats parties and candidates differently in this respect.¹⁰⁵

Two final important aspects related to reporting relate to whether party financial reports must be disclosed to the public, and whether information on the source of donations to political parties and candidates should be reported. Public disclosure is considered a further means of enhancing the transparency of parties' and candidates' financial management.

Almost all countries in Northern, Western and Southern Europe require that party reports are made available to the public, with the exception of Malta, Monaco and Spain.¹⁰⁶

Figure 7.6. Northern, Western and Southern European countries that require political party reports to be made available to the public



Source: International IDEA. This map is based on data collected up to February 2014. Data are continuously updated on the International IDEA Political Finance Database. See <http://www.idea.int/political-finance/question.cfm?field=291®ion=50>

The Council of Europe has often stressed that information should not just be available, but should also be timely and ‘citizen-friendly’—clear and easily accessible to the general public. The United Kingdom offers one of the best examples of public disclosure of political parties’ financial accounts through the website of the Electoral Commission. The central register of Statistics Norway, the French CNCCFP and the Irish Standards in Public Office Commission provide a similar service to citizens, publishing party annual accounts, political finance statistics and analytical reports on their websites.

In seven of the 24 countries analysed here—Malta, Andorra, Switzerland (which do not provide direct public funding), Cyprus, Monaco, Liechtenstein and France—political parties and candidates are not required to reveal donors’ identities, which is a lower percentage than elsewhere in the world. Yet transparency requirements have been increasing, especially during the last decade. As a possible consequence of the various recommendations and party regulation guidelines, the debate in Northern, Western and Southern European countries centres not on whether donations should be disclosed, but rather on the threshold for disclosure; the regional average is currently around EUR 3,500.

Of course, the existence of a law requiring political parties and/or candidates to report income and expenditures says little about the reliability, detail and comprehensiveness of the reporting practices. Three main points stand out in this regard. First, most countries in this region lack a standardized and uniform reporting format.¹⁰⁷ Therefore political parties combine different sources of income and expenditure under different (non-comparable) labels. Second, European countries vary in the amount of detail that their financial reports include. In terms of transparency, it makes a substantial difference if, for instance, parties are required to itemize all income and expenses, or if they must simply report aggregated total amounts. Finally, the financial reports often do not include all entities that are related to the parties’ spheres of activity. Political finance legislation has often paid little attention to local parties, political party foundations or other parties’ organizational units. This has been the case in the Netherlands, for instance, where transparency requirements did not apply to the regional or local levels until recently.¹⁰⁸

Monitoring authorities

Another fundamental aspect of the enforcement of political finance regulations relates to the different institutions responsible for monitoring and controlling existing regulations. Effective monitoring is among the most important features of political finance regulation; it is ultimately the crucial means by which the legislation can claim to be effectively implemented. Yet there is wide variation across Northern, Western and Southern European countries with respect to monitoring institutions; the legislative frameworks seem to have the most problems.

First, some countries lack an authority to control parties' finances: Malta, Switzerland, Liechtenstein and Denmark. In the Nordic countries, there has been a tradition of relying on transparency and the traditional culture of high public trust in political parties—a tradition that is fading, however, as Finland, Norway and Sweden have all introduced stricter regulations in recent years.

Second, there is variation in the monitoring authorities' independence from the political process. Independence and freedom from political influences are crucial for the credibility and effectiveness of monitoring mechanisms.¹⁰⁹ The bodies responsible for supervising political funding must be as independent as possible from the political parties.

In this region, few countries have enforcement institutions that are truly independent from political influence. The control of political finance appears to be mainly exercised by parliamentary commissions or by the executive branches, either directly or through institutions or special commissions that are accountable to them. When executive branches control supervisory bodies, they cannot claim independence or impartiality from the political process because ministers are often elected members of the party in power; they may use political finance rules to favour the party in power or sanction the opposition. However, in many of these countries the independence of the enforcement body is not an issue of public debate. In countries that have relatively high public perceptions of financial integrity and public trust in political institutions, many feel that the mere suspicion of, for example, a ministry abusing its power to harm an opponent would severely damage the ruling party's reputation.

Third, in most Northern, Western and Southern European countries, different institutions may be responsible for receiving and examining financial reports from parties and candidates. In Finland, for example, the Ministry of Justice oversees the applications concerning the parties' regular reporting, and the National Audit Office checks reports for election campaigns and for candidates. In Italy, until the 2012 reform, the Board of Comptrollers of Election Expenses at the State Audit Court was responsible for expenditures; the Board of Auditors in the parliament checked parties' annual financial reports; and the Regional Electoral Guarantee Board checked candidates' electoral expenditures. These institutions often cannot impose sanctions. A similar dispersion of monitoring institutions can be observed in Greece and Portugal. While the variety of oversight institutions within individual countries depends on the countries' specific constitutional and legal traditions (and the broader economic and organizational management of existing resources), their dispersal, and their limited mandate over specific areas of political finance, may hamper inter-institutional coordination and effectiveness.

The proper functioning of enforcement mechanisms is essential for the entire legal framework on political finance. If such mechanisms do not serve their

purpose, it may severely jeopardize the credibility, the effectiveness and the very *raison d'être* of the political finance regulatory framework as a whole.

Sanctions for political finance violations

Few countries in the world have not established sanctions for political finance violations. The only country in the region without such sanctions is Switzerland.¹¹⁰ Fines, loss of public funding and imprisonment are the most common sanctions in Europe. Party suspension or deregistration, probably the most extreme sanction available, and loss of active and passive political rights (including ineligibility, loss of nomination of candidate or loss of elected office) are less common.

Proportionality is among the most important characteristics that political finance sanctions should aim to achieve: sanctions should be sufficiently dissuasive and proportionate to the offence (and to the size and financial resources of the various political parties). This is not always the case. In Portugal, for example, although the legal framework prescribes penal sanctions (one year of imprisonment for the party treasurer or leader for accepting illegal donations), financial misdemeanours have often been converted into financial fines that are not proportional to the size of illegal donations received. For example, in June 2007, the Constitutional Court fined the centre-right Social Democrat Party EUR 35,000 (I\$49,000) for accepting an illegal donation from the Somague company of EUR 233,415 (I\$328,000).¹¹¹ In France, violations of private donation rules (and specifically, donations from a banned source, or exceeding the maximum legal limit of EUR 7,500 [I\$8,900]) are sanctioned 'with a maximum fine of EUR 3,750 [I\$4,400] and a one-year prison sentence, or only one of these two penalties'.¹¹² GRECO observed that a EUR 3,750 (I\$4,400) fine may not deter acceptance of a sizeable illegal donation, especially since such donations to political parties cannot be confiscated.¹¹³ Ineffective sanctions are also found in Belgium, where the penalty for exceeding the thresholds on campaign expenditure is a suspension of public funding for up to four months.

Sanctions may also be so severe that they are seldom applied in practice. For example, in Iceland violations of the political finance law are punished by six years' imprisonment—which will probably never be sought.¹¹⁴ Criminal penalties are rarely applied in Belgium, Cyprus, Finland, France, Greece or the UK. Indeed, the fact that sanctions are not applied does not necessarily indicate their dissuasiveness; it may also reflect their ineffectiveness.¹¹⁵

The civic watchdogs: civil society and the media

A recent large-scale political finance scandal took place in Spain in February 2013, after the newspaper *El País* published the unofficial accounting records of the Partido Popular party. The published documents suggest that the party kept parallel accounting books for over 20 years,

hiding secret contributions from businesses that were then redistributed to leading party members.¹¹⁶ Several political finance scandals in Western Europe have emerged because of media coverage. In turn, the emergence of scandals plays a major role in stimulating political finance reforms. Political corruption scandals create more critical (or hostile) public opinion, which influences parties' behaviour and promotes political finance reforms that lead to greater transparency of parties' and candidates' financial management.¹¹⁷ Thus the media constitute an important element of political finance supervision, which has successfully managed to keep up with its fundamental task of being the 'watchdog of democracy'. Yet only about 35 per cent of Western Europeans consider themselves to be informed about the level of political corruption in their country,¹¹⁸ which suggests the need for greater media attention to these politically sensitive issues.

Conclusions

The process of political finance regulation in Northern, Western and Southern Europe began before World War II, when political parties in numerous countries were provided with indirect financial support in the form of free broadcasting time on radio, reduced postal rates or tax deductions on party donations. After the war, countries in the region started adopting broader and increasingly comprehensive legal frameworks on the financial management of political parties and candidates. These regulations were often introduced alongside the decision to provide political parties with direct public funding.

The provision of public funding and the regulation of political finance signify a changing conception of political parties and their role in society: from private and voluntary associations to public utilities.¹¹⁹ Political parties are often seen as essential for democracy.¹²⁰ This positive conception has justified both the provision of growing levels of state funding to political parties and their management through public law.

However, in political finance law-making there is an inherent conflict of interest because legislators are also partisans.¹²¹ Political parties should bear this in mind, and provide substantive evidence of impartiality when establishing political finance rules.

Northern, Western and Southern European countries have different legal frameworks and traditions with respect to state intervention in party activity. Yet there is a trend toward greater harmonization of political finance regulations among countries, especially with regard to rules regulating the mechanisms of public accountability and transparency. Lowering the threshold for the public disclosure of private donations and making political parties' annual statements more accessible are increasingly perceived as fundamental requisites of political finance laws. EU-level reports and recommendations to establish 'common principles' and 'good practices' in

the different political finance legislative frameworks have been an important stimulus in this direction.

This chapter has discussed the main rationale behind the introduction of public funding to political parties and candidates and the establishment of rules on political finance: to prevent illicit funding practices, level the playing field for all political parties and help political parties cope with the rising financial costs of politics. Yet these provisions are not immune from criticism and concerns.

The most influential criticism of public funding regimes in the political science literature holds that state support is a means by which the established political parties grant themselves opportunities for organizational survival and electoral victory, while keeping power resources out of the reach of outsiders. This argument notably reverses the democratic justification of public funding: rather than promoting and sustaining effective democracy, public funding would constitute a tool for disadvantaging the challengers and self-perpetuating the political status quo.¹²² Little evidence was found to support this argument in terms of the eligibility and allocation criteria for public funding in Northern, Western and Southern Europe. The legal frameworks for provision of public funding in the region appear to take into account both the need for party organizational stability and the importance of political pluralism through the funding of smaller and newer political parties.¹²³

The introduction of public funding has undeniably made political parties very dependent on state resources. Compared to other areas of the world, figures for Northern, Western and Southern Europe are striking: overall, state funding accounts for almost three-quarters of total party income. Considering party membership decline, and the worrisome and increasing figures on disenchantment with political parties,¹²⁴ high state dependency may risk sustaining political actors that are out of touch with the social reality. A final (and equally important) criticism of public funding is that it has not solved the fundamental problem of political corruption—which was, in most cases, the fundamental justification for its introduction.

If political finance regulation has proved not to be the panacea it promised, part of its ineffectiveness can be blamed on the quality of the legislation itself. Political finance legislation has increased in this region and has become more comprehensive, regulating more candidate and party financial activities, but it is still full of loopholes that candidates and parties have proved willing to exploit. Greater regulatory complexity, when badly drafted, may undermine the very democratic values and good governance that political finance regulation in principle supports. This is not only a problem for rule implementation. When ineffective, political finance legislation is highly detrimental to the public image and credibility of the representative institutions. The following recommendations provide guidelines for political finance reforms for monitoring authorities, individual political parties and media actors.

Recommendations

*Policy makers*¹²⁵

The design of political finance legislation has a significant impact on rule implementation, on the effectiveness of the overall system, and consequently on the legitimacy of political institutions. Political actors will often be tempted to find new ways to exploit loopholes in the legislation, so it must be carefully crafted. Two types of recommendations can be addressed to legislators: formal law-making guidelines in relation to political finance, whose realization has often proved insufficient; and guidelines specifically related to the content of political finance legislation.

A. The three main principles for political finance law-making are:

1. *Internal coherence.* While regulation of political finance in Northern, Western and Southern Europe has grown in scope and detail, it has not evolved in a coherent manner. Political finance legislation should address all the main aspects of political parties' and candidates' financial management, and should give equal attention to the different clusters of regulation. It makes little sense, for example, to strictly regulate the sources of private income when the monitoring authorities have no power to investigate, and controls are merely formal (Italy); or to establish strict rules on party income but not regulate income from candidates or elected officials (Portugal, Norway, Germany); or to establish financial sanctions for failure to comply with gender parity requirements that are so low that the regulation is broadly ignored (France).
2. *Explicitness.* Rules on political finance should leave no room for ambiguity and should avoid opaque, non-prescriptive and discretionary formulations. For example, Article 13 of San Marino's political finance law permits only 'modest amounts' of anonymous donations. Political actors may lawfully profit from such ambiguous wording, thus undermining the very essence of political finance regulations.
3. *Comprehensiveness.* A number of countries have a legislative framework of political finance that is fragmented and dispersed among several legislative instruments. The adoption of a single act—including a comprehensive regulation of the different areas of party funding—is an important way to improve clarity and transparency.

B. The five recommendations regarding the content of political finance legislation are:

1. *Balancing private and public funding.* The provision of state funding to political parties is an important tool for promoting political pluralism and levelling the field of electoral competition. Yet political parties must not lose touch with their constituents. Legislation should therefore aim to balance public and private sources of income for

- parties and candidates, and provide financial incentives to establish close connections with citizens.
2. *Anchor public funding to gender requirements.* Regulatory frameworks linking public funding to parties and gender equality are rare in Northern, Western and Southern Europe. Given the parties' high dependency on state resources, public funding regulation has great potential to change their incentive structures and influence their internal practices. Legislation should include measures to ensure de facto equality between men and women, including levelling the playing field for candidate selection and fundraising.
 3. *Reporting.* Political finance legislation should require parties and candidates to provide standardized financial reports that include specific sources of income and expenditure. Larger donations (>EUR 4,000) should be reported separately, including the details of the donor. Reporting requirements should not, however, be so strict that they impose an undue administrative burden that may in turn limit the effective freedom of political organizations.
 4. *Monitoring authorities.* The authorities monitoring the parties' and candidates' financial management should be as removed as possible from political power. Monitoring is still either directly or indirectly linked to parliaments in many European countries. The establishment of single independent monitoring institutions (such as the CNCCFP in France or the Electoral Commission in the UK) should stimulate other countries to set up similar agencies. This would prevent problems of inter-institutional cooperation, improve the standardization of training and expertise on auditing political finances, and provide greater transparency to the public. These authorities should publish political finance information in a timely and citizen-friendly manner.
 5. *Sanctions.* Sanctions constrain political actors only when effective costs for non-compliance are put in place. Political finance sanctions should be proportional to the specific nature of the violation (and to the size of the parties) as well as dissuasive.

Monitoring and enforcement agencies

1. *Avoid dispersion.* The majority of Northern, Western and Southern European countries have separate authorities that control the parties' and candidates' financial management. Inter-institutional coordination should be improved in order to make monitoring more cost-efficient, timely and effective.
2. *Promote specialization.* The quality of the control and the timeliness of the conclusions are highly dependent on the specialization of agency staff. Training of personnel should be prioritized in order to create and maintain expertise and proficiency at all levels.
3. *Join forces.* The diversified political finance legal frameworks in Europe

provide the opportunity to learn from other monitoring authorities' experiences. Establish international networks that promote focused training and workshops.

4. *Publish information online.* Within the limits of the law, candidates' and parties' financial statements should be easily accessible on monitoring agencies' websites. Yearly reports should be issued that summarize the main outcomes of agencies' findings using standardized formats to allow citizens, media actors, and researchers to compare information across parties and over time.

Political parties and politicians

1. *Promote pluralism.* Parties should make sure that political finance legislation does not prevent new political actors from emerging.
2. *Show 'good practices'.* The legislative process is time-consuming, and it often takes several years to approve political finance reforms. Even in the absence of formal legislation, political parties can show good practices. For example, the Italian Partito Democratico voluntarily established best practice accounting procedures, and other parties have adopted voluntary quotas.
3. *Do not become too reliant on public funding.* Party membership in the region is rapidly falling, which is reducing membership contributions and increasing parties' reliance on public funding. Although dealing with one big donor (the state) is easier in the short run than dealing with thousands of small donors, a diversified funding base in the long run makes parties less vulnerable to sudden shocks in public funding availability.
4. *Be accountable to your voters.* Citizens' growing distrust of parties has led to the creation of citizen protest movements and anti-establishment parties that are challenging the existence of traditional parties across Europe. To regain voter confidence (and thus ensure their own survival), political parties should strengthen their regulatory frameworks and improve internal integrity standards.

Media actors

1. *Keep up with expectations.* The media have played an important role in uncovering the illicit and illegal financial practices of political parties, candidates and elected officials. By informing citizens, they help maintain democratic accountability.
2. *Provide 'informed information'.* More countries in the region have established independent monitoring authorities with the task of publishing citizen-friendly reports. Since these institutions rely heavily on data from the media, they must provide high-quality, accurate information based on official documents, legislation and statistics—and avoid the temptation to create a financial scandal for the sake of publicity.

3. *Keep political finance at the top of your editorial agenda.* Media attention to political finance comes and goes; the timing is often determined by election campaigns or political finance scandals. The media should question an array of sources (including smaller-party actors) regularly and keep citizens informed.
4. *Stay independent of the donors that fund political parties.* Media outlets in several countries in this region have become intertwined with politics over the years, either directly (e.g., Italy, where media and political parties can be run by the same people) or indirectly, i.e., ownership is separate but the same donors fund media outlets and political parties (e.g., Sweden, where until 2009 LO, the Swedish trade union confederation, which has strong links with the Social Democratic Party, owned a majority stake in one of Sweden's largest daily newspapers). All media should therefore verify that there is no such conflict of interest.

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Notes

- ¹ The 24 countries included in this chapter are divided into three sub-regions: (1) Northern Europe: Denmark, Iceland, United Kingdom, Ireland, Norway, Finland and Sweden; (2) Southern Europe: Italy, Andorra, Cyprus, Portugal, Greece, Malta, San Marino and Spain; and (3) Western Europe: Austria, Germany, Monaco, Belgium, Liechtenstein, the Netherlands, France, Luxembourg and Switzerland.
- ² Van Biezen 2011; Casal Bértoa et al. 2013.
- ³ Council of Europe 2001a.

- ⁴ The UK and Ireland are included in this chapter as well as Chapter 8 on the established anglophone democracies. The rationale for including them here is that the two countries offer useful comparisons with other Western European EU countries. In addition, as some readers may choose only to read this chapter, it was deemed prudent to include the UK and Ireland in both chapters.
- ⁵ Eurobarometer 2012a; European Commission 2011, p. 3.
- ⁶ Casal Bértoa et al. 2014. See also Pinto-Duschinsky 2002; Scarrow 2007.
- ⁷ Van Biezen and Kopecký 2007; Ohman 2012.
- ⁸ Committee of Ministers of the Council of Europe, Recommendations (2003)3&4; (CM(2009)68); Recommendation 1899(2010).
- ⁹ Epstein 1986; van Biezen 2004.
- ¹⁰ Van Biezen 2011.
- ¹¹ Van Biezen and Piccio 2013.
- ¹² OSCE/ODHIR 2010, p. 11.
- ¹³ Although party funding was introduced in Germany in 1958, the first regulation was introduced in 1966. Similar cases in which a legal framework on political finance was established by law after the introduction of public funding for political parties are Norway and Sweden (Svåsand 1992; Widfeldt and Pierre 1992) and The 1979 Election of Members to the House of Representatives Law (Law 72/79).
- ¹⁴ The absence of a specific political finance law does not mean that no political finance regulation exists. The latter may be regulated in a variety of other legal acts (such as media laws or electoral laws).
- ¹⁵ Based on analysis of the International IDEA Political Finance Database. The percentage of countries that has such regulations is defined as those with positive answers to questions 1–13, 15, 17, 19, 22–3, 29–31, 33, 35–39, 41, 43.
- ¹⁶ Van Biezen and Molenaar 2012; Piccio 2012.
- ¹⁷ Data for the 1950s and 1960s: Krouwel 1999, p. 68. For current data, see Statistics Norway (2005–11).
- ¹⁸ Van Biezen, Mair and Poguntke 2012.
- ¹⁹ Van Biezen and Nassmacher 2001, p. 138.
- ²⁰ For recent figures on Norway see Statistics Norway (2005–2011); for the UK: Committee on Standards in Public Life (annual reports 2000–10); for Belgium (2007): Weekers and Maddens 2009; for France: CNCCFP (2004–11); and for Greece, 1997–2007: Vernardakis 2012.
- ²¹ Calculated from the ‘intäktsredovisning’ (income reporting) voluntarily published by all parliamentary parties apart from the Sweden Democrats.
- ²² Dragstra 2008, p. 204.
- ²³ Throughout this handbook, international dollars (I\$) are presented alongside amounts in national currencies. The international dollar is a hypothetical currency that takes into account purchasing power parity and is therefore suitable for comparisons between countries. For countries in which the power purchasing power parity varies significantly from the United States (which is used as the baseline for the comparison), the I\$ exchange rate may be considerably different from the nominal exchange rate. No conversions are given for US dollars (as this is by default the same amount as the I\$) or for those instances where the original currency is unknown and a secondary currency such as the euro has been cited instead. For further information, see Annex V.
- ²⁴ Data based on the 2004 statement of accounts (CNCCFP 2005–6).
- ²⁵ Statistics Norway.
- ²⁶ Nassmacher 2009, p. 215.

- ²⁷ See for instance Koole 2001; van Biezen and Nassmacher 2001.
- ²⁸ There is no specific accepted threshold defining small donations (Scarrow 2007, p. 197). The legal definition of 'small donations' in Germany—EUR 3,300, I\$4,200—has rightly been considered excessively high (Nassmacher 2009, p. 216). In this Chapter I define small donations as under EUR 999.
- ²⁹ Mair 1998, 2003.
- ³⁰ Information on Austria, France, Norway and Belgium is based on Nassmacher 2001; Koole 2001; Statistics Norway; Weekers and Maddens 2009.
- ³¹ Nassmacher 2009, pp. 261–9.
- ³² Mathiason 2011; Nassmacher 2009, p. 262.
- ³³ Ewing and Ghaleigh 2006.
- ³⁴ Both 2002 and 2011 were election years, and the same legislation applies for both. The 2012 Irish political finance law lowered donation ceilings to EUR 2,500 (I\$2,800), required that donations over EUR 1,500 (I\$1,700) must be declared, and banned corporate donations over EUR 200 (I\$230) unless the donors meet specific requirements. Data are published by the Standards in Public Office Commission (SIPO), an independent body established in 2001, which supervises the disclosure of donations, election expenditures and the expenditure of state funding received by the Irish political parties (see <http://www.sipo.gov.ie/en/>).
- ³⁵ Colombo 2013.
- ³⁶ Vernardakis 2012.
- ³⁷ Council of Europe 2003b, p. 4.
- ³⁸ GRECO 2007, p. 17.
- ³⁹ The Entity for Accounts and Political Financing was created in 2003 by Law 19/2003 and established in 2005.
- ⁴⁰ This case is known to the public as the 'Portucale affaire'.
- ⁴¹ Sustainable Government Indicators 2011.
- ⁴² Council of Europe 2003b, Article 3.
- ⁴³ CNCCFP 2005–6.
- ⁴⁴ Dupont 2010.
- ⁴⁵ CNCCFP 2010, p. 101.
- ⁴⁶ This section will not deal with the public funding that political parties or party-related organizations receive for supporting political parties or party systems in other countries. Such funding is, for example, provided in Denmark, Germany, the Netherlands, Sweden and the UK.
- ⁴⁷ *Times of Malta* 2009.
- ⁴⁸ Nassmacher 2003. See also http://www.parlament.ch/ab/frameset/f/n/4813/321237/f_n_4813_321237_321507.htm
- ⁴⁹ Piccio 2012, pp. 88–9.
- ⁵⁰ Ohman, 2012, p. 25.
- ⁵¹ The Netherlands is the only country in Western Europe that explicitly provides public funding to political parties based on party membership requirements. In order to receive public funding, political parties must have at least 1,000 members (Piccio 2013). However, in a number of other countries minimum requirements of societal support are implicit, as they are necessary conditions for political parties to register (Finland, Norway, Sweden and Portugal) (Piccio 2014).
- ⁵² According to the OSCE/Venice Commission Guidelines, '(a)t a minimum, some degree of public funding should be available to all parties represented in parliament. However, to

promote political pluralism, some funding should also be extended beyond those parties represented in parliament to include all parties putting forth candidates for an election and enjoying a minimum level of citizen support. This is particularly important in the case of new parties, which must be given a fair opportunity to compete with existing parties' (OSCE/ODIHR 2010, pp. 71–2).

- 53 No official thresholds exist in Finland or the Netherlands. The two countries' effective thresholds are 0.35 and 0.67 per cent, respectively.
- 54 Nassmacher 2003; Piccio 2013.
- 55 The countries included in this analysis are Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela (see Casal Bértoa et al. 2014, forthcoming).
- 56 Direct forms of public funding are the 'Short' and 'Cranborne' money that is granted to opposition parties of the House of Commons and the House of Lords (introduced in 1975 and 1996, respectively), and the 'policy development grants' to finance policy research to parties that hold at least two seats in the House of Commons (introduced in 2000).
- 57 Committee on Standards in Public Life 2011, p. 36.
- 58 Average percentages are adapted from Dragstra (2008, p. 306) and 'Notitie Herijking Wet subsidiëring politieke partijen', Kst. 27442, nr. 6. See Piccio 2013.
- 59 Crouch 2004.
- 60 Council of Europe, Rec. 1516(2001), 2001.
- 61 Nassmacher 1993; Katz and Mair 1995; Scarrow 2004; Piccio 2014. As Katz and Mair (2009, p. 756) underlined, political parties are privileged organizations, 'and they are unique in that they have the ability to devise their own legal (and not only legal) environment and, effectively, to write their own salary checks'.
- 62 Katz and Mair 1995.
- 63 For a discussion, see Nassmacher 1993; Scarrow 2004; Koß 2008.
- 64 Seiradaki 2012.
- 65 Adapted from data of the Inter-Parliamentary Union, available at <http://www.ipu.org/wmn-e/arc/classif010213.htm>
- 66 Available at <http://www.quotaproject.org/>
- 67 Constitutional Act No. 99-569 of 8 July 1999.
- 68 Law no. 88-227 of 11 March 1988 on financial transparency in political life (Article 9-1).
- 69 IPU 2012, p. 3.
- 70 Ibid.
- 71 CNCCFP 2011, p. 6.
- 72 Murray 2007, p. 571.
- 73 Electoral (Amendment) (Political Funding) Act of 2012, section 27. See <http://www.partylaw.leidenuniv.nl>
- 74 Lei da Paridade, Lei Orgânica nº 3/2006, de 21 de Agosto [Parity Law, Organic Law no. 3/2006 of 21 August].
- 75 Law No. 96 of 6 June 2012, Article 9.6. See <http://www.partylaw.leidenuniv.nl>
- 76 WEDO 2007.
- 77 OSCE 2010, p. 75; EP 2012.
- 78 EP 2012, section 18.
- 79 Rechtbank's-Gravenhage, 2005, LJN: AU2088, HA ZA 03/3395. Under CEDAW, 'States Parties shall take all appropriate measures to eliminate discrimination against women in

the political and public life of the country and, in particular, shall ensure to women, on equal terms with men, the right: (a) to vote in all elections and public referenda and to be eligible for election of all publicly elected bodies' (Art. 7).

- 80 *De Saambinder*, 22 September 2005, pp. 4–5.
- 81 Barkhuysen 2004; Ten Napel 2011; Oomen, Huijt and Ploeg 2010.
- 82 More recently, and after new judicial rulings on women's discrimination by the SGP, the party also changed its internal statutes, allowing women passive suffrage. The decision was taken in March 2013.
- 83 OCSE/ODHIR 2010, pp. 75–6.
- 84 Ohman 2012, pp. 35–7.
- 85 See Chapter 6 in this Handbook and van Biezen 2004.
- 86 Testo Unico delle Leggi Elettorali D.P.R. 30 marzo 1957, no 361, Art. 96.
- 87 Saviano 2013.
- 88 Clift and Fisher 2004, p. 690.
- 89 GRECO 2007, p. 18.
- 90 Standards in Public Office Commission of Ireland, 2007. See <http://www.sipo.gov.ie/en/About-Us/Our-Policies/Review-of-Legislation/Submission-to-the-Minister/>
- 91 Committee on Standards in Public Life (UK) 1998.
- 92 See Fisher 2001; Clift and Fisher, 2005. In 2004, the Electoral Commission proposed to lower the spending limits from GBP 20 million (£32.7 million) to GBP 15 million (£24.5 million). For a review of the discussion on expenditure limits in the UK, see Electoral Commission 2008, pp. 40–6.
- 93 *Bowman v. United Kingdom*, App. No. 24839/94, 26 Eur. H.R. Rep. 1 (1998).
- 94 See <http://www.loc.gov/law/help/campaign-finance/uk.php#issues>
- 95 See Griner 2005 for an analysis of this subject in relation to Canada and the United States.
- 96 Farrell and Webb 2002. The countries included in their analysis are Austria, Belgium, Denmark, Finland, Ireland, Italy, the Netherlands, Norway, Sweden and the United Kingdom.
- 97 See <http://www.conseil-constitutionnel.fr/conseil-constitutionnel/francais/documentation/dossiers-thematiques/2007-election-presidentielle/faq/financement-et-prise-en-charge-de-la-campagne-electorale/quel-est-le-cout-des-elections-presidentielles.98832.html>
- 98 Voerman 2012.
- 99 Electoral Commission (UK) 2011, pp. 23–4. The main reduction in spending related to the Labour Party, which according to its financial report spent only GBP 8 million (£13 million) in 2010, compared to GBP 18 million (£29 million) in 2005.
- 100 Nassmacher 2009, Chapters 2–4.
- 101 Council of Europe (2003).
- 102 Nassmacher 2001, p. 11.
- 103 Doublet 2011, p. 7.
- 104 De Sousa 2005.
- 105 GRECO 2007, p. 23.
- 106 It should be mentioned, however, that although the complete balance of assets of political parties is not available to the public in Spain, the Court of Audit publishes annual reports that include findings and remarks in connection with the monitoring of political finance, and an annex with summary information on the annual accounts of political parties.

- ¹⁰⁷ GRECO has urged the establishment of a single computerized format for the accounts of Spain, Luxembourg, Andorra, Ireland, Netherlands, Norway, Portugal and the UK (Doublet 2011, pp. 20–1).
- ¹⁰⁸ This was recently amended in the new political finance law, ‘Wet financiering politieke partijen’, adopted in March 2013.
- ¹⁰⁹ Council of Europe 2003b. Article 14 of the recommendation calls for an independent monitoring system for the funding of political parties and electoral campaigns.
- ¹¹⁰ The International IDEA Political Finance Database includes no data on this issue for Liechtenstein.
- ¹¹¹ De Sousa 2012.
- ¹¹² Loi n° 88-227 du 11 mars 1988 relative à la transparence financière de la vie politique, Art. 11-5 [Law No. 88-227 of 11 March 1988 on the financial transparency of political life, Art. 11-5].
- ¹¹³ GRECO 2007, p. 33.
- ¹¹⁴ Ibid., p. 18.
- ¹¹⁵ Doublet 2011, p. 53.
- ¹¹⁶ *El País* (2013).
- ¹¹⁷ See, for example, Koß 2008.
- ¹¹⁸ Eurobarometer 2012a.
- ¹¹⁹ Epstein 1986; van Biezen 2004.
- ¹²⁰ Schattschneider 1942, p. 1.
- ¹²¹ Katz and Mair 2009, p. 756.
- ¹²² This is among the best-known arguments behind the ‘cartel-party’ hypothesis (Katz and Mair 1995).
- ¹²³ See Piccio and van Biezen 2014, forthcoming.
- ¹²⁴ See the World Values Survey data reported in Dalton and Wattemberg 2002, p. 265.
- ¹²⁵ Policy makers are defined as those involved in drafting, amending and adopting political finance policies, either from the executive or from the legislative arm of government.