Political Financing Regulation at the EU Level: The Conflict of National Traditions and Interests

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ABSTRACT

In 2003 the European Union passed its first-ever regulation on the recognition and financing of extra-parliamentary political parties at European level (the so called Europarties). By enacting such a law, the (non-state) EU joined the majority of democratic states which provide political parties with public subsidies. By explaining Member States' preferences and considering the variables to be included in such an analysis, this paper examines the process of institutionalization of Europarties, conceptualized as the conflict of ideas and interests concerning the choice of a specific model of parties' legal status and their financing. This paper develops a framework for analysis based on the institutional and constitutional borrowing in order to hypothesize on which grounds such a conflict could emerge (both between the Member States and between the political groups in the European Parliament). The empirical analysis confirms that in most circumstances such conflict resulted from the clash of national traditions as well as different views amongst the parties on the present and the future path of political integration in the EU.

Keywords: European Union – political parties – political financing – political conflict – legislative politics

In 2003 the European Union passed its first-ever regulation on the recognition and financing of extra-parliamentary EU political parties (in this law formally defined as 'political parties at European level', and known also as the so called Europarties).[1] By enacting such a law, the (non-state) EU joined the majority of democratic states which provide political parties with public subsidies (Austin and Tjernstrom, 2003, Van Biezen and Kopecky 2007). However, the fact remains that political parties at EU level are not central actors in EU political system. Prior to the adoption of this regulation, they were often described as very loose organizations (Hix and Lord 1997), lacking both resources for political action and real influence (Nugent 1999). If this is the case, it is then even more important to question why the EU decided to introduce public subsidies to these parties, and, as it will be shown in this paper, why some Member States and some national political parties strongly opposed this step.

[1] The earlier version of this paper was presented at the IPSA-ECPR Joint Conference "Whatever Happened to North-South?" February 16 to 19, 2011 at the University of Sao Paulo, Brazil. I would like to thank Maria Spirova and other participants of the panel "Regulating party law" for their helpful comments.

The central research problem of this paper is to analyse why the matter of regulating EU political parties in law become so controversial and attempt to identify possible sources of this controversy. It will argue that the conflict would result from the tension, first, between various national traditions and specific legislative solutions relating to parties' legal status and their financing and second, between different views on the present and the future of the political integration in the EU. By studying this problem, not only do we learn about the EU legislative politics and the Europarties, but we also contribute to the vast literature on party law and especially on party financing, since the results of this paper provide us with additional source of knowledge on models, traditions and habits of regulating political parties at the national level.

Explaining the legislative conflict over the adoption of party law at EU level seems to be more complicated than in the nation state, where, compared to the EU, there are fewer actors to analyse. To simplify the matter in question, in most cases party law is adopted by the parties themselves while acting in the parliament, subject to review by the Constitutional Court (Janda 2005). How, then, can the possible conflict over the adoption of party law within the nation state be studied? One way to look at this issue would be to analyse the motivations of political parties in such process (Scarrow 2004). For example, do some parties try to set up the rules so that these rules fit them better than their opponents? The other way would be to look at it mostly as one of the aspects of the political finance reform. In recent years, due to major corruption scandals, the problem of transparency in political financing has become one of the main aspects of party law. In this context, political parties or experts might argue over what the most appropriate financial scheme is (Walecki 2003).

However, in the EU we need to approach this problem in the special, very complex circumstances of EU legislative politics (Hix 2005, Peterson et al. 2008). That is why, over the course of this analysis, we will consider the role of key players in EU legislative politics: the European Council, the European Parliament and the European Commission. However, the crucial factor to note is that, contrary to the situation in the national political systems, Europarties do not have much leeway of control over the final law that governs them, because the link between extra- and parliamentary parties at EU level in any sense is not comparable to national party politics (Hix and

Lord 1997). In other words, party law is not adopted by the (Euro)parties themselves. This does not mean that they do not have any possibility to influence legislative process. This paper will show how they tried to control the agenda-setting and ultimately, the shape of the finally adopted EU regulation governing their own funding.

This article will be organized in three parts. First, after a literature review, it will propose an analytical perspective leading to the identification of sources and dimensions of the conflict over the adoption of party law in the EU. In the second part, it will present the legislative procedures that led to the adoption of a law that was finally entitled *Regulation 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding,* hereinafter referred to as the Regulation (Regulation (EC) No. 2004/2003). In the final part, the findings of this research will be discussed by analysing the role of and divisions in, the European Commission and subsequently, in the European Parliament. Finally, it must be noted that this paper is not devoted to analysis of the finally adopted Regulation 2004/2003 (see Arnim & Schurig 2004; Johansson & Raunio 2005), although its content will become clear by the investigation of the legislative works preceding its adoption. In researching this topic, I used the reports of the European Parliament, the internal documents of the Council of the European Union, the personal communications and the press releases. In order to describe the position of the main Europarties, I approached and interviewed ten Europarty officials (some of whom wish to remain anonymous), who were selected on the grounds of their direct responsibility over party finances and organization.

I. Introducing the process of adoption of party law governing European political parties

The origins of what we today call political parties at European level date from the 1970s. At the time, the three dominant political families - the Christian Democrats, the Socialists and the Liberal Democrats - established European federations or confederations between their members. Since their creation, however, Europarties were neither recognized by law nor subsidized directly by the then European Economic Community. Their practical functioning was based on the material, personal and financial contributions of either their political groups in the European

Parliament (hereafter EP) or of their member parties. In early 1990s, the three above Europarties joined forces in lobbing for their formal legal recognition and the process leading to the adoption of laws governing European political parties started.

It is useful to note that there were two distinct periods in this process. In the first period (since the Maastricht and up to the Nice intergovernmental conference, 1990-2001), the matter on the agenda was whether to constitutionalize European political parties. In practical terms, the question was whether to insert a reference to the European political parties in the basic EU constitutional document (Treaty establishing European Communities, hereafter TEC), and if yes, what phrasing to use. This story seems to be rather well described in the existing studies (Arnim & Schurig 2004, Johansson & Raunio 2005, Day & Shaw 2005). After intense lobbying by Europarties and the European Parliament, and with the support of some heads of Member States, the Maastricht intergovernmental conference (1990-91) took a decision to insert a special Treaty article devoted to Europarties (art. 138a, later renumbered as art. 191, and now art. 10 (4) of the Treaty on the European Union). In this reference, the Treaty attributes an important role to Europarties in "forming a European awareness and expressing the political will of the citizens of the Union". However, the vague formulation of this article came out to be understood only as a symbolic reference, rather than a legal basis for further, more specific laws (Bieber 1999). Since that time, even though various remedies to this unclear phrasing were proposed, the very idea and concept of European political parties divided the Member States and for a long they could not reach an agreement whether and how to proceed (see below for details). However, the key incentive came from the Special Report of the European Court of Auditors (2000), which considered then existing practice of financing Europarties from the European Parliament political groups' budgets as inadmissible, since the funds allocated to political groups could not be used to finance any extra-parliamentary activities. This stimulus led to amend the above-mentioned art. 191 of the Treaty so that the Council, acting through the co-decision procedure with the Parliament as co-legislator, was obliged to lay down the regulations governing political parties at European level and in particular the rules regarding their funding.

In order to satisfy the concerns of some Member States, however, the declaration no.

11, a constitutive element of the Treaty of Nice of 2001, stated, *inter alia,* that

> The provisions of Article 191 do not imply any transfer of powers to the European Community and do not affect the application of the relevant national constitutional rules. The funding for political parties at European level provided out of the budget of the European Communities may not be used to fund, either directly or indirectly, political parties at national level.

This declaration and its content explain the main lines of divisions: a threat of a further transfer of political powers to the European Union and the risk of Europarties' interference into national politics.

Once the decision to constitutionalize political parties was finally taken, the debate moved to some specific concerns over the shape of party law and the second period began. In this period, the divisions between Member States had less to do with their approaches towards European integration in general - in this context of whether to constitutionalize Europarties - but more to do with how to do it: in other words, which model of party law to follow However, the existing literature does not make an effort to focus on this aspect. Although some divisions between the Member States have been mentioned (Day & Shaw 2003), they have not been sufficiently explained. Possibly the only analysis that focused on this matter was offered by Ringe (2010). In a book primarily devoted to the ways in which individual legislators make decisions in the European Parliament, and how these individual positions are aggregated into collective choices, one of the case studies was precisely the adoption of the Regulation 2004/2003. Ringe presents many valuable observations that will be discussed below, but he only focuses on the legislative works in the European Parliament, which might look as if the European Commission and the Council were absent. Secondly, his analysis is based only on theories and concepts used in EU studies, thus missing many important insights from party funding literature, particularly relating to the approaches of political parties. For these reasons, this paper will attempt to present a more comprehensive picture.

The convergence and divergence in models of regulating parties in law

As mentioned above, this paper seeks to analyze the dimensions of political conflict in relation to the adoption of party law in the European Union. Hence the first question that must be addressed concerns the extent to which we can identify a dominant trend in relation to regulating political parties in law.

There seems to be three clearly visible and obvious trends (van Biezen and Kopecky 2007; Lehmann 2003). First, the constitution in the majority of democratic states includes some rules on political parties. Second, it has become quite commonplace to finance political parties from public fund. Third, in particular attention is paid to the rules on transparency in party funding. Scholars announce the overall convergence of funding patterns (Naßmacher 2009). However, among those countries that provide political parties with public subsidies, the variety of national provisions is quite large (see Appendix B for illustration), ranging from the rules on donations to the very principle of how large the state subsidies should be. Furthermore, legal provisions on political parties do not only relate to the provisions on party funding, but generally to all possible measures of regulating parties in law: their status as a legal person, their activities and behaviour, the internal organization and procedures, the rights of members, and many others.[2] Overall, the extent or, to put differently, the intensity of legal regulation (concerning for example the extent to which law regulates internal party organisation) is often different.

In order to reduce the national diversity and at the same time to explain its sources, both political scientists and lawyers came up with explanations, primarily based on the differences in political and legal cultures across European states. The key explanatory factor concerns the vision of a political party and its role within society. Is political party, as for most of its history, a private gathering of individuals, and for this reason the state should largely refrain from regulating their activities in law? Or rather, political party is a quasi-state actor, subject to constitutional restraints, obliged to guarantee democracy in its internal affairs, and for this reason, there must be some more detailed laws adopted by the state. Here countries differ, and this results in the differences in laws regulating political parties. This variety can be reduced to two

[2] Details on many different national rules are reported at Party Law in Modern Europe database http://www.partylaw.leidenuniv.nl/laws.

models: the prescription or the permission models (for a review see Janda 2005; see, also, van Biezen 2009). The first imposes on parties very little, assuming that the way how they organize, what their programme is should be left to the parties and their members. The prescription model, on the other hand, imposes on parties many more rules stipulated in a more detailed way, especially regarding their internal organisation, for example, the selection of candidates or the rights of the members. The permission model is usually associated with the English legal tradition, whereas the prescription model corresponds with the German one. Other EU Member States can be probably placed somewhere in the middle between the two traditions (Council of Europe 2004), though one has to note that a prevailing tendency in recent times is to regulate political parties in law, rather than leave them without such regulation (van Biezen & Kopecky 2007).

However, Scarrow (2004) notes that explaining theoretically and conceptually the political finance reforms has been virtually absent from analysis. In her opinion, the literature has not paid sufficient attention to the question of what type of circumstances make it more likely that a certain type of legislation concerning the reform of financing is not only proposed, but also adopted. However, recently we have witnessed a more intense theoretical work, in particular by Koβ (2010). Based on new institutionalism, this author links the party funding and its reform with the overall patterns of party competition. He argues that given the importance of party financing on the patterns of party competition, the necessary condition for the introduction or reform of party funding regime is the consensus among the relevant parties on the provisions of party funding. This consensus depends on the institutional, strategic (when parties prefer policy-seeking and office-seeking strategies over vote-seeking strategies, the reform is more likely) and discursive factors (the introduction or reform of party subsidies is more likely if it is perceived in public discourse as an anti-corruption remedy). Corruption scandals related to party funding are seen as the biggest incentive for the introduction or reform of party financing system. However, we have to bear in mind that the analysis offered by Koβ rightly assumes that parties in the nation-states control the process of adoption of party law, whereas this cannot be said about EU political parties (see above). Likewise, it is impossible to talk about the classic party competition at the EU level (and hence government and opposition), despite some changes of tone in recent years

(Gagatek 2009). For this reason, some explanations based on the focus on classic party competition, like the rationalist argument that public subsidies to political parties are the result of the rising costs of political competition, are not very helpful with regard to the case of the EU without placing them in the EU institutional context. Overall, the literature on party funding provides us with a significant body of knowledge about various national models of party funding, and recently it has started to offer a more theoretical input. The challenge is how to integrate it with the EU studies literature so that it forms a coherent framework for analysis regarding the introduction of party funding at the EU level.

2. Framework for analysis

From the perspective of comparative politics and constitutional studies, the distinction explained above between the prescriptive and permissive models of party law is used to account for general differences between the countries in the mode of regulating parties in law. However, when looked from the perspective of a single country, as noted in the beginning, the conflict over party law very often divides big and small parties, as due to their size, they might have contradictory preferences (Scarrow 2004). In other words, it is the size of the party, rather than its position on the ideological scale, that predicts which position it will adopt. When it comes to the EU, we might ask the same questions: how did large Europarties try to control the agenda-setting and the legislative outcomes? How can we describe this conflict taking into account its main dividing line? In the course of analysis, we will aim to look at these questions. In relation to the body of research implying the general cross-national convergence of various features of political parties and their role within the state and society (e.g. Katz & Mair 1995) such analysis would allow us to test the extent to which the very nature, purpose and character or the political parties as well as their legal status and financing still distinguish one country from another, and would allow us to do it without running case-study analysis of each of the Member States.

The most important question raised by the scholars studying EU political conflict concerns its territorial or non-territorial nature (for a review see Steenbergen & Marks 2004). On the one hand, international relations approaches assume that the contestation about European integration is independent from the left/right dimension

of domestic political conflict, and is mainly of territorial origins. Some authors representing this approach maintain, however, that the domestic conflict might be a key to explain why some governments support and other oppose integration (Moravcsik 1998). On the other hand, the scholars coming from the field of comparative politics claim that it is not possible to understand EU political conflict without reference to the left/right dimension (Hix 1999; Hooghe & Marks 2001). However, Hooghe and Marks caution that not all aspects of integration are easily incorporated into this dimension. Therefore, getting more deeply into the problem would require asking whether the differences exist not only between the Member States, but also within them. In other words, to what extent the distinct national traditions and models on party regulation are shared by political forces in a given Member State? This can be tested by analysing whether the political parties and individual politicians from the same country will have similar ideas relating to the mode of financing of EU political parties and the specific legislative solutions.

Finally, we must enter into the area of EU legislative politics by asking whether the Member States will indeed use their own experiences in formulating proposals for legislative solution at the EU level. EU legislative studies have been dominated by the rational choice institutionalism (for an early review see Dowding 2000). The starting point of this approach is to assume that actors of EU legislative politics behave strategically in order to reach decision outcomes as close as possible to their own preferences. The dependent variable is often the success that a player achieve in negotiation, measured by the distances of an actor's ideal position from the outcome of the legislative process (e.g. Bailer 2004; Hosli 2000). The preferences, however, are not always stable and unintended consequences must be taken into account (Thomson & Stokman 2006).

This paper, however, comes from a rather different starting point and that is why the explanations offered by the rational choice institutionalism are not helpful. This article is not primarily interested in the outcome of the legislative conflict, but rather in its sources. Hence it is reasonable to turn to sociological (normative) and historical versions of new institutionalism. These two strands of new institutionalism make a direct claim concerning the preference formation (see Hall & Taylor 1996; Peters 1999). When a new institution is created, it usually happens that there are already

many other existing institutions of the same type. In particular, the question the sociological institutionalists focus on is about the sources from which institutional creators took ideas to create such a new institution. They hypothesise that new institutions ‘borrow’ those ideas from the existing world of institutional templates and models. The sociological institutionalism offers the concept of institutional borrowing (also known as the institutional learning) and (in a sense) its variation known to the theory of constitutionalism as the constitutional borrowing. The latter (Osiatynski 2003; Sajo 1993) is very simple and logical, and for example became quite popular in Central and Eastern Europe in the 1990s, when the new constitutional systems were started to be envisaged. It assumes that when the democratic system is created, somewhat ‘from scratch’, in general the most likely way to proceed with such creation would be to borrow the constitutional ideas and solutions from Western European political system, rather than devising original constitutional solutions anew. From among more recent examples, the debate over the reform or the electoral law held in Italy in 2008 was directly based to the experiences of other countries. For example, some parties explicitly called for the adoption of the Spanish model, whereas others preferred the German one. And if this borrowing mechanism indeed takes place at the EU level too, which party tradition (or some combinations of traditions) prevails?

As such, the analysis so far allows to identify two possible dimensions of conflict in the process of regulating party law at the EU level. The first of them relates to the wider problem of the future of political integration in Europe. The very idea of strengthening of Europarties is associated with the advancement of political integration into the direction of a ‘federal Europe’, or at least, with the risk of interference of Europarties into the national politics (as shown in the context of the Nice Treaty negotiations). That is why we might expect a conflict on the European integration scale. On the other hand, the fact that the subject matter of this conflict is the regulation of political parties in law suggests another, second dimension around the prescriptive and permissive models of regulating political parties, or in the most detailed account, between specific legislative solutions. Here we would expect the large Europarties to control the agenda-setting and, ultimately, the outcome of the legislative process at the cost of smaller parties.

Overall, this paper formulates three hypotheses:

1. The conflict over the strengthening of Europarties will be based on the views toward European integration, rather than between the left and the right.
2. The proposals concerning the legal regulation of political parties at EU level will have their source and will be borrowed from national experiences (the borrowing hypothesis).
3. The big Europarties will try to control the agenda-setting and ultimately the outcome of the legislative process at the cost of smaller Europarties.

Our knowledge about the national traditions and specific legislative solutions is informed by the secondary literature quoted above as well as by various datasets which provide often detailed comparisons between various countries (e.g. IDEA International dataset Austin and Tjernstrom, 2003, Council of Europe 2004, Party Law in Modern Europe database). Due to the limit of this paper, their review is not possible here, however, I will get back to them when it will be needed to illustrate a conflict of ideas over party law at the EU level. In order to test the extent to which these national models and traditions influence politicians in devising ideas for the shape of EU party law, detailed analysis will cover the debates in the Council of the European Union and in the European Parliament. By the qualitative textual analysis of the debates in the Parliament as well as by analysing the roll-call votes, I will test to what extent the Members of the European Parliament share the proposals of their national governments presented during the Council's negotiation. Such an attempt will allow to test to which extent there is a national consensus over the shape of part law between various political parties in a given Member State. Let me now move to the empirical analysis of the EU legislative process relating to the adoption of financing regulation for Europarties.

II. The legislative work on the status and financing of European political parties

The conflict that arose in reference to the subsequent legislative proposals had mainly to do with three areas. First, it is often argued that the criteria relating to the allocation system are primarily responsible for the eventual benefits to the existing parties (Pierre et al. 2000). Likewise, at the EU level the first major source of conflict

concerned the definition of what the minimum number of Member States is so that a Europarty qualifies to receive EU funding. In other words, in order to be recognized and registered as a Europarty, should it have members (national political parties) from two, five or even more EU Member states? In this paper I will refer to this condition as the representativeness criterion. Second area of conflict related to the question of party sponsorship and donations, and more precisely, what type of donations should be banned. Finally, there was a major difference as to what extent a European law should prescribe party organization and impose on parties the need to respect EU democratic principles and fundamental rights. It does not mean however that all the specific legislative solutions were contested. For example, since the beginning the agreement was reached that a special attention should be placed to the transparency of party financing and that there must be a balance between financing the Europarties by the EU and their own resources. However, below I will focus only on those that stood for the bone of contention.

Early legislative proposals

The first concrete proposals how the future European party law should be designed saw the day already in 1996, when the European Parliament adopted the Report on the constitutional status of the European political parties (European Parliament 1996). This report, drafted by a PES Group Member Dimitris Tsatsos, and warmly encouraged by large Europarties, set the agenda and remained a point of reference for all subsequent proposals (see below). The first condition for recognition was that Europarty had to unite national political parties from at least 1/3 of the Member States and be active at EU level, that is, participate in European elections and create or join a political group in the European Parliament, among other tasks.

The report further formulated three conditions related to party organisation. First of them imposed a formal obligation to adopt and make available statutes and party programme. Second was to ensure that the party „be more, in terms of goals and organization, than a mere electioneering organization or an organization that merely supports a political group and parliamentary work”. Third stipulated organising a party „in a way that is likely to reflect the political will of citizens of the Union” based on democratic internal mode of work, since „the internal structure of European political parties must comply with their constitutional mission”.

Prior to the Nice Treaty (2001), due to the lack of clear legal basis the Commission was reluctant to initiate procedures proposed by the Tsatsos report and only after the intergovernmental conference in Nice gave a strong political signal to do so, the Commission presented its draft regulation (European Parliament 2001b). As Commissioner Schreyer explained during a debate in the European Parliament

> When defining European parties we wanted to leave room for manoeuvre and make it possible for the concept to evolve. At the same time, however, we wanted to put in place minimum democratic standards and minimum requirements for European representativeness and guarantee a maximum degree of transparency in respect of financing. On the definition of European parties, allow me to say quite clearly that European parties in no way have to toe a particular European political line, but the values of democracy, the rule of law and respect for fundamental rights must be respected (European Parliament 2001b).

Overall, the Commission 2001 proposal was more modest in setting the conditions so rigorously as the Tsatsos report did. Furthermore, the Commission 2001 draft project was less comprehensive, and it resigned from touching such matters as mandatory disclosure of all revenue (e.g. members' contributions or donations) or the possibility of acquiring legal personality by the Europarties. However, it made more precise other fields, for example, in specifying that the respect for fundamental democratic principles and EU fundamental rights will be verified in a procedure based on the Parliament decision, and after consulting a committee of independent eminent persons, nominated every five years through a common agreement by the EP, Commission and Council. Most importantly, however, in practice it sustained the representativeness criterion proposed by the Tsatos report, based on two alternative ways of applying for funding. Either a Europarty had to be represented by either MEPs in the EP, and/or by members of the national or regional parliaments, in all cases coming from at least five Member States; or that a Europarty or its member parties have received at least five per cent of votes in the last EP election cast in at least five Member States. Neither the Tsatsos report nor the Commission 2001 draft project devoted any attention to the question of banned donations, although the

Commission's project stated that the control and supervision of the expenses were to be controlled by an independent audit, which subsequently would present its findings to the EP and to the European Court of Auditors.

Responding to Commission's project in May 2001, the European Parliament, in the report drafted by a German EPP Member Ursula Schleicher, tabled some amendments aiming at securing greater transparency of Europarty's finances, especially, to ban anonymous donations and those from the public sector companies (European Parliament 2001c). It also wanted to exclude a possibility of creating Europarties that would be only a cover up for obtaining funding, but not active in practice. It therefore proposed that apart from the statute, also the political programme was to be registered, and that funding was granted only to „established alliances of political parties". Overall, the early proposals reflected or oscillated around the prescription model.

The debate in the Council

Although the Commission agreed to the vast majority of Parliament's amendments, the Council could not reach an agreement. It seems that there was a clash of different national visions of how to regulate political parties. In general, Denmark, the UK and Sweden expressed general scrutiny reservations towards the entire proposal. In this way, they proposed deleting the condition that a Europarty shall respect fundamental democratic principles and EU fundamental rights, to which most other countries opposed (Council of the European Union 2001a).

Regarding the threshold for financing (1/3, at that time five EU Member States), most EU countries considered it too rigorous and the Belgian EU presidency proposed lowering it to 1/4. However, the UK, Sweden and Austria demanded lowering it even further, to just two Member States. At that time, pressed by coalition partners from the FPÖ, Austrian delegation to the Council wanted to assure that smaller parties (or party families) will not be excluded from the possibility of registering a Europarty as a consequence of such high representativeness criteria (Day & Shaw 2005). The most radical position was presented by the Danes who wanted to resign completely from any representative criteria, imposing only that a Europarty has "established or intend to establish or join a political group in the European Parliament" (see below) (Council

of the European Union 2001a). Finally, concerning the donations and party sponsorship, the Belgian EU presidency proposed prohibition of donations over a certain threshold (to be decided) from any legal or natural person. However, the Member States were divided both relating to the principle of this proposal and on the level of any threshold (Council of the European Union 2001c). The most visible conflict arose between France and Germany. In this way, when the Germans wanted to increase the amount of admissible party donations, the French were proposing to limit it or make the procedure more rigorous (Council of the European Union 2001b). How can it be accounted for? The French tradition of regulating political parties largely differs from the German one. One could multiply the differences, but from various datasets (see Appendix B) it becomes clear that in France, contrary to Germany, there is a ceiling on contributions to political parties, a ban on corporate donation, a ban on donations from government contractors and a ban on trade union donations, among others. In short, in France the matter of party sponsorship is treated much more strictly. In this way, France would want to apply a similar model also in the case of the European legislation, which led to the conflict with a concurrent German model.

Taken together, these three dimensions of conflict led to a failure of the draft regulation. On the one hand, Denmark, the UK and Sweden were not ready for compromise, but on the other hand, the Europarties did not want to adopt the law at any price. In a letter to the Council dated 26 October 2001 they objected to lowering the representative criterion below 1/3 which they found as an absolute minimum assuring that only truly transnational Europarties receive funding (European Political Parties 2001).

The future discussion was strongly influenced by the fact that the amendments of the Treaty on European Communities made by the Nice Treaty (which came in force on 1 February 2003) gave the opportunity of applying a different legal basis for the adoption of secondary laws governing Europarties, providing for the co-decision procedure, with the Council deciding by the Qualified Majority Voting, rather than unanimously as it was the case before.

The Commission 2003 proposal

In a new attempt, the Commission drew conclusion from the failure of the previous draft, and this time proposed much more pragmatic solutions (European Commission 2003a). The aim was to adopt a regulation devoted only to Europarties' financing and to present a minimum of rules acceptable to all Member States devised in response to reservations expressed during previous discussions in the Council. Most importantly, a very definition of the term 'European political party' was extended. In the newest version, not only would it be an „alliance of political parties" (as in all previous drafts) but also „political party", that is, „an association of citizens pursuing political objectives, and either recognised by or established in accordance with, the legal order of at least one Member State". To register its statute, such a European political party would have to be present in at least three Member States. On behalf of the Commission, Commissioner Loyola de Palacio explained that

> Our basic proposal has sought to avoid political requirements that are too restrictive for European political parties for two main reasons: firstly, we want an open and plural system in which all shades of opinion can be represented in the European debate; secondly, if things were done otherwise, the debate in Council and in Parliament would be drawn out unnecessarily, perhaps even beyond the 2004 European elections (European Parliament 2003a).

In the Council, again the major line of conflict concerned the numerical conditions necessary to register Europarty. In the first compromise text, the previous condition of 1/3 of the Member States was revived. However, the Italian delegation opposed in writing to this text, demanding that the threshold of three Member States envisaged at the end of the 2001 negotiations is to be reintroduced. In response, the next compromise proposal was to set this condition on at least 1/5 of the Member States, and in the end 1/4 (Council of the European Union 2003c).

During its part session on 19 June 2003, the European Parliament gave its opinion at first reading and adopted a set of amendments which corresponded to those agreed by the Council (see below). Subsequently, on 5 September 2003 the Council accepted all of the European Parliament's amendments and adopted the Regulation, with Italy,

Denmark and Austria voting against, due to the disagreement described above. The votes of these countries (17 together) were not sufficient to block the adoption of this Regulation (they would need at least 25 votes). In order to have a comparative view of how conflictive this process was, the key point is to observe that between 1994 and 1998, 79 per cent of decisions in the Council were taken by unanimous vote, and that three or more Member States voted against a proposal in only 2 per cent of cases (Mattila 2004). Between 1998 and 2004, in the General Affairs Councils, Denmark, Italy and Austria voted against only once, precisely in the case of the Regulation 2004/2003. It therefore proves that the entire matter of regulating political parties led to the fierce conflict and the inability to find the compromise between all the Member States.

A very important point to make is why the UK withdrew its previous opposition to this Regulation. Officially, the United Kingdom made its agreement on further statutes on political parties conditional on following the declaration attached to the Treaty of Nice, namely that Europarties will not interfere into national politics (MacShane 2003). Looking however from the informal point of view, we should remember that at that time the Party of European Socialists (PES) was led by Robin Cook, former UK Foreign Minister. According to two senior politicians in the PES (interviews: 2007), Robin Cook asked his successor in office, Jack Straw, to do him a personal favour so that the UK supports this regulation and Straw did so. It shows here quite an interesting example of Europarties' lobbying on the governments.

An interesting case concerns Italy. In 2001, under the left wing government of Giuliano Amato, it did not officially voice any reservations concerning the representativeness criteria. However, Italy did so in 2003, with a new government of the centre-right with Berlusconi's *Forza Italia* as the largest single party, but with two further coalition partners, the National Alliance and the Northern League, holding rather reserved attitudes towards European political integration and not being present in transnational party activities. Day and Shaw (2003) believe that their opposition was behind Italy's proposals to limit as far as was possible the numerical conditions for the recognition of Europarties. Finally, the case of Denmark can be explained by their traditionally very reserved stance towards the tightening of EU political integration, but also bearing in mind that in Denmark practically speaking there is no party law,

and only parliamentary parties received funding (Council of Europe 2004). The notion of political party in Denmark strongly emphasizes its participatory character and its private nature. Such comments very commonly voiced by all Danish Members of the European Parliament who participated in the debates (see below), and from the reports of the debates in the Council it came clear that they also stood behind the attitude of the Danish government on this matter. In most situations, it acted against any detailed regulation concerning parties' legal personality, against the need to safeguard EU democratic principles and fundamental rights, as well as, contrary to the text of the proposals, argued for the need to share the subventions between Europarties on a more proportional basis, rather than take into account mostly the number of MEPs as the pro-rata basis for the division of funds. Their vision of Europarties strongly emphasized that they should be associations of citizens, rather than federations of political parties, that they should not be limited in their right to set up the political programme or internal organization, and finally, that the criteria of transnational representatives should be totally removed (Council of the European Union 2001a, 2001c, 2003a, 2003b). Most of Danish amendments were rejected; therefore, the Danish delegation sustained its final vote against this Regulation.

The role of the European Commission

In a model view, while the European Commission is perceived as non-partisan representative of the European interest, this does not mean that it is left out of political, partisan influence. Its role is particularly important given that it has the sole right of legislative initiative, and the way it formulates legislative proposal clearly places it on one or the other side of political spectrum.

From this point of view, the Commission has been always rather positive about the strengthening of European political parties (although Fusacchia 2006 expressed some doubts). When Romano Prodi presented draft regulation governing the funding of European political parties, prepared by his Commission in 2001, he said "this legislative initiative represents major political progress. It helps to create the right conditions for forging the much needed link between the institutions - the European Parliament in particular - and the citizens of the Union" (European Commission 2003b). As shown before, the Commission during in the debates in the EP always presented a rather positive approach towards the introduction of EU subsidies for

Europarties, though it does not mean it always fully supported Parliament's view. For example, some politicians of Europarties (EPP and PES senior officials, interviews: 2006) complained that the Commission could have pressed further and propose to prepare a fully-fledged statute of European political parties. They mean that not only should such statute regulate the questions of party financing, but all other aspects of their legal status (e.g. legal personality). However, many times the Commission representatives (as Loyola de Palacio quoted above) were arguing that their aim was to offer flexibility to allow different concepts, definitions and status for European political parties in each Member State and at the same time to ensure no oligarchy or prevention of new parties entering the system.

Although normally the Commission tries to present a united stance, this time internal divisions between the commissioners saw the light. Two British commissioners, Chris Patten and Neil Kinnock, were reported to stand against the proposals since the college of commissioners did not agree on their demands of lowering the representativeness criteria (Fletcher 2001). The British Conservative party strongly opposed the proposal for public financing of the European political parties both as a matter of principle (that any party should not be financed from public funds), but also in opposition to a scheme perceived as privileging pro-European parties, what they called 'fund for federalism' (Baldwin 2001). Most importantly, however, the British Tories, contrary to two other major British parties, at the time were not members of any European political party, so the representativeness criteria would exclude them from any funding. The newspapers noted that sources close to Chris Patten said he did not believe the Commission's intention was to exclude the Tories for political reasons, but objected because it might look that way. Neil Kinnock objected for "reasons of democracy and political common sense" (Fletcher 2001). Overall, the former Secretary General of the Party of European Socialists, Anthony Beumer (interview: 2007) believes that the two British Commissioners, and especially Neil Kinnock, questioned this proposal based on their national tradition where the parties traditionally are not publicly funded.

The debates in the European Parliament

The European Parliament (and concretely its four biggest political groups) always stood as the staunch supporter of the strengthening of Europarties that it associated

with the idea of tightening of EU political integration. The full support to the idea has been always expressed by the Group of the European People's Party (EPP) without the British Conservatives however, the PES Group (now S&D Group), the majority of the Group of the European Liberal, Democrats and Reformers (ELDR, now ALDE), and the majority of the Group of the Greens (Greens/EFA). The opponents were mainly found in Confederal Group of the European United Left - Nordic Green Left (GUE/NGL), the Group of Europe of Democracy and Diversity (EDD, now Europe of Freedom and Democracy), Union for Europe of the Nations Group (UEN, now transformed into European Conservatives and Reformists Group) and the majority of Independent Members (NI) (European Parliament, 1996, 2000a, 2003a). It is clear then that the supporters always had a large majority and in the voting on the adoption of the Regulation, 345 MEPs voted in favour, with 102 against and 34 abstaining. The left-right divide was not predictive of voting patterns, and the MEPs vote choice was based on their support or opposition to the further EU political integration (Ringe 2010).

The outcome of this vote is not however anything surprising. Indeed, the commonplace argument advanced in the literature on the voting patterns in the European Parliament is to claim that MEPs of the PES (now S&D), the EPP and the ELDR (now ALDE) have indistinguishable attitudes in favour of tightening the political integration against the small groups such as the EDD (Thomassen et al. 2004). However, the crucial point here is that an important part of their pro-European attitudes is precisely the idea of European political parties. One of the reasons why the three largest political families created their EU-level party federations in mid-70s was due to their belief that these Europarties will push the political integration forward. From this point of view, the support for the Regulation strengthening Europarties was not just a matter of dispute between the pro-European and anti-European parties, but also between the oldest and largest Europarties (strongly pro-European) and those MEPs who were critical of the idea of Europarties precisely due to their Euroscepticism. So while our first hypothesis is confirmed, it cannot be explained without making a point relating to the size of the parties. I will return to this issue in the last part of this paper.

However, was this debate only a matter of dispute between the advocates of European

integration and their opponents or it also concerned the general attitude towards party financing? In the light of above analysis, we know that the question of donations and their limits was one of the most divisive issues. From a analysis carried out by Ringe we learn that MEPs from Member States that specify ceilings on party donations were slightly more likely to support the Regulation, as it contains the provisions stipulating such ceiling (Ringe 2010). This finding would thus be one of the arguments in favour of the borrowing hypothesis. Moving to the qualitative analysis, concerning the type of arguments used, individual MEPs many times referred to their national experiences. For example, a Danish MEP from the ELDR protested against adoption of the Regulation due to his total opposition to the whole idea of financing political parties from „citizens' purses" - in Denmark, as explained, the law does not regulate the matter of financing political parties, and only political groups in the parliament are subsidised. Many MEPs, especially the regionalist from Greens/EFA and the communists from GUE/NGL criticised the general idea of political party as a transmission belt between the citizens and the state, in a sense referring to the end-of-the-parties thesis. As noted above, based on their national experience the British Conservatives disapprove the idea of public financing of political parties in general, and of public financing of European political parties accordingly. It could be then summarised that the general debate in the EP was held not only in relation to the proposed Regulation, but also to political parties in general.

On another level of discussion, the project of strengthening political parties at EU level has always been regarded as an idea of supporters of tightening of EU integration. As Independent Belgian MEP Vanhecke observed, it has always been a „project of people who are hoping to create the European federal superstate" (European Parliament 2000a). Although this statement might be a bit exaggerated, it is true that the four biggest groups (EPP, PES, ELDR and the majority of the Greens) are known for their ardent integrationist views and for their warm support to the idea of European political parties. Furthermore, they have had the longest and most fruitful experience of transnational cooperation in the EU (Hix and Lord 1997). They would benefit from EU funding immediately, which might have been seen by the smaller political groups as yet another factor institutionalising the domination of the grand parties (Beumer 2007). Eurosceptic Jans Peter Bonde pointed out in this context that for regional parties it could be impossible to set up a federation of

political parties due to the above high representatives criteria – being unable to gather representatives from 1/3 or 1/4 of the Member States. Furthermore, he added that Eurosceptics might never want to set up such a political party at EU level as a matter of principle, but they do represent the views of EU citizens, and that is why their interests should be also taken into account (European Parliament, 2001a). He therefore considered that “it is clear that those who preach servility to the EU's institutions are to be rewarded while those of us who still believe that constructive criticism is essential to real democracy are to be punished” (Agence Europe 19 June 2003). Furthermore, other opponents, such as German communist Sylvia-Yvonne Kaufmann, pointed out that the lack of European public opinion makes the Europarties redundant. On the other hand, a Spanish Socialist Enrique Baron Crespo, for example, considered that those who opposed political parties were opposed to democracy (European Parliament, 2001b). Finally, as it has always been the case, very often the same personalities were active both in the political groups (as MEPs) and in Europarties. Most notably, Wilfred Martens in the period 1994-1999 used to be at the same time the president of the EPP outside the Parliament and the chairman of EPP political group inside the Parliament. Therefore, the three biggest groups also had a direct personal motivation to advance the process of institutionalisation of Europarties.

Using extra parliamentary means, 25 MEPs, mostly from French Front National, Italian Lega Nord and Belgian Vlaams Belang brought an application before the Court of First Instance for the annulment of Regulation on the grounds that it is unlawful, it infringes the principles of equality, transparency, political pluralism and subsidiarity. The Court, however, did not treat their appeal pertaining to the content, but dismissed their claim as inadmissible, as the applicants did not have the right of standing (Court of First Instance 2005).

Getting back to the analysis of the final vote over the Regulation 2004/2003, if we analyze then the relationship between voting pattern and the nationality, we see that in case of the Members of the European Parliament coming from the Member States which rejected the Regulation in the Council, only Danish MEPs followed the suit and almost unanimously voted against the Regulation, regardless their group membership, or whether at that time their parties were in government or in

opposition. Therefore, taking into account the arguments used by the Danes both in the Council negotiations and in the debates in the Parliament, it might suggest that there is a wide agreement in Denmark about the advantages of their model of party law and consequent dissatisfaction with other models, such as the one applied in the Regulation. However, in case of Italy and Austria, two other countries which opposed the adoption of the Regulation, the Italian and Austrian MEPs nevertheless supported it. Out of 48 Italian MEPs, only 4 Independents elected from the Lista Emma Bonino and Clemente Mastella from the EPP-ED voted against. In this vote, none of the Lega Nord MEPs took part, but their opposition to this regulation is indisputable, given the application they brought before the Court of First Instance (above). However, all four MEPs of the National Alliance voted in favour. Out of 16 Austrian MEPs voting on that day, only three voted against (two from the FPÖ and one independent).

The table below presents the results of the roll-call vote on the adoption of the Regulation 2004/2003 divided by nationality. It reveals that the three most divided group of MEPs were the British (the Labour Party in favour and the other British MEPs against), the French (against stood 9 MEPs of the EDD Group, as well as the French members of the UEN and the independents, mostly from the Front National) and the Swedish (without any observable partisan divisions).

Tab. 1. The results of the roll-call vote on the adoption of the Regulation 2004/2003 divided by nationality

Member State	Yes	No	Abstentions	Agreement Index
Luxembourg	3	0	0	1
Denmark	0	10	1	0.95
Spain	48	2	0	0.94
Ireland	10	1	0	0.86
Germany	79	4	4	0.86
Italy	43	4	1	0.84
Portugal	14	1	1	0.81
Netherlands	27	4	0	0.8
Austria	13	3	0	0.71
Belgium	14	5	1	0.55
Greece	15	3	4	0.52
Finland	7	5	1	0.3
UK	31	37	1	0.3
France	34	19	14	0.26
Sweden	5	4	6	0.1

Source: own calculation based on the roll call vote in the EP (European Parliament 2003b)
The agreement index based on the method used by Hix, Noury and Roland (2007)

The role of Europarties

Although the possible impact of Europarties on the rules of EU law that govern them could not have been in any sense comparable to the situation in the nation state - where practically speaking the parties adopt the laws that govern them - it is still useful to analyse their possible role and preferences in the process discussed in this paper. Indeed, Scarrow (2004) argues that the literature devoted to national political parties is under theorized when it comes to explaining under what conditions certain schemes of financing parties are more likely to be adopted or about the consequence of different approaches to party financing. She has come to conclusion that the outcome of debates over party finance is affected by prevailing patterns of political competition as well as by the circumstances under which the issue enters the agenda.

Let us therefore imagine what would be the best strategy for the Europarties to achieve their aims so that the EU adopts the laws governing them: collude with other parties and political groups in the Parliament, or - probably in the case of the biggest parties - try to put forward a scheme from which they will benefit at the cost of

smaller, or even stop the new parties coming out? Scarrow believes that the answer depends on the context: when all parties share similar difficulties, we might expect some cooperation among dominant parties, either to increase direct and indirect subsidies, or to restrict spending opportunities (Scarrow 2004).

This indeed has also been true for the adoption of party regulation at EU level. From the very beginning till the end of the process, the existing Europarties, sharing the same problems having chiefly to do with the financial dependence from their political groups in the EP and from the national member parties, colluded in trying to devise compromise solutions that they could present unanimously to the Council and to the Commission. For example, they commonly devised their own proposals about the best financing model (reflecting the early proposals of the EP), or they united in the intense lobbying of the national governments, for example, by writing to the national ministers affiliated with them. However, even though at that time Italy and Austria were governed by the EPP Prime Ministers (Silvio Berlusconi and Wolfgang Schussel, respectively), and Denmark from 2001 to 2009 was governed by ELDR Prime Minister Anders Fogh Rasmussen, these governments stood against the Regulation. It seems then that national-based motivations and conditions were more important than eventual recommendation from the European parties. Second, Europarties were quick to realize that they cannot demand too high a level of subsidies. In this sense, at least according to EPP President, Wilfried Martens, the main aim was to adopt any acceptable laws on this matter, rather than to haggle over the money (Martens 2008). On the other hand, after the first Commission proposal Europarties wanted to secure twice as much as the Commission proposed. According to them, a yearly EU budget of 15 million EUR would cover around 85 % of the running costs of six or seven European parties (European Political Parties 2001), whereas the Commission proposed a total budget of 7 million EUR to be divided between all the Europarties (European Commission, 2001). To some people it was too little. Ruari Quinn, PES treasurer (interview: 2007) points out that the Commission every year attributes some 35 million EUR to NGOs, even though, contrary to the Europarties, they are not recognized in the Treaty.

However, concerning the specific proposals for the statute and financing of political parties the main question here should be: were the proposals, devised by the

European political groups and the European Parliament, aiming to exclude the smaller or even some future Europarties from the competition by imposing on them the conditions that would be difficult for them to fulfill? In this context, how can we asses a proposal from the European Parliament 2001 report imposing first, a definition of a Europarty as a ‘long- term union’ or the condition of ‘ideological affinity’? In their letter to the Council dated 26 October 2001, the representatives of European political parties (European Political Parties 2001) objected to lowering the numerical condition of national political parties representing a certain number of Member States below which they found as an absolute minimum. Concerning the final Regulation 2004/2003, Martens noted that

> The new regulation, nevertheless, threatens to become a victim of its own success. Since so many parties have submitted applications and received funds, the European party landscape is threatening to become a kind of patchwork quilt. As the number of parties that pass the minimum threshold increases, the relative proportion for the larger parties is reduced, since the total sum remains constant. There is a great risk that European parties will end up living in a glass bubble and will neglect the need to cultivate their own organizations. If there is no real, permanent and motivated political leadership on board, the parties will very soon evolve into organizations that spend most of their funds on maintaining their staff, for example. Political actions then degenerate into pure symbolism. This means that the ultimate goals of the party are lost sight of (Martens 2008: 182-3).

In other words, the biggest Europarties might have wanted to exclude the creation of small Europarties that, according to them, were not sharing any sort of ideological affinity, and have been established only to obtain the support from EU general budget. Alternatively, they might have wanted the smaller parties to be forced to join them, rather than create new European political parties. In doing so, however, as shown above, they met the opposition from some Member States. In this paragraph I have used the conditional tense since a lot depends on interpreting their motivations: the biggest Europarties and their leaders (like Martens or Beumer) claim that they did not want to restrict competition, but assure that only truly transnational Europarties

receive funding (interviews: Martens 2007, Beumer 2007). For others, as the above discussions in the European Parliament have shown, it was an attempt to restrict the competition by imposing the conditions impossible to fulfil by some smaller - existing or future - Europarties.

III. Conclusions

To summarise the process of regulating European political parties in law, it is worth quoting Jean-Claude Juncker, the Prime Minister of Luxembourg (quoted in Thomson & Hosli 2006:3) who described the EU's decision-making in the following way:

> We decide on something, leave it lying around and wait and see what happens…If no one kicks up a fuss, because most people don't understand what has been decided, we continue step by step until there is no turning back.

It seems that the process described above very well fit into Juncker's description. Through persistent, incremental steps, the process of regulating EU parties in law came as a success. The results of the above analysis thus offers a number of crucial points in understanding party politics in the European Union, both from the perspective of EU studies as well as from perspective of comparative politics.

Our main hypothesis has been confirmed positively: in the matter discussed in this paper, and perhaps beyond, politicians use their national experiences as a proxy to devise legislative solutions at EU level. Such mechanism was visible both in relation to the Member States as well as regarding Members of the European Parliament. The arguments used in the entire debate had their sources, first, in given beliefs on the future of EU integration (since the process of party institutionalisation was perceived as a step toward more integrated EU), and second, concerning the model of regulating political parties. Such a mix of influences resulted in the initial set of preference both concerning Member State, individual MEPs and political groups in the European Parliament.

The above analysis has also shown that the conflict over the adoption of party law in the European Parliament did not divide the left and the right. It was rather a conflict

between the large and small parties. Furthermore, the large parties colluded in trying to structure the shape of this law in a way from which they would benefit most. In the same way, many examples of the political finance reform in the nation state, for example in Germany in 1980s, highlight very similar lines of conflict (Scarrow 2004).

What is important to realize is that the adoption of this regulation marks a very similar process of regulating political parties in law at the EU-level as compared to that of the nation state. While the history of modern political parties dates to XIX c., public financing is a relatively new development. Before 1960s, extra parliamentary party organisations would not receive public funding. Political parties were funded privately, either through sponsorship or contributions from corporate members. So one could argue that compared to the national parties, it took relatively little time for the Europarties to secure the introduction of public subsidies from the time when they were created (mid-70s) until 2004.

While looking for an answer from which national tradition of regulating political parties subsequent proposals derived, even if one simplifies a bit the question, it still seems worth arguing that the first European Parliament report (the Tsatsos report) reflected the prescriptive model, particularly by stipulating the conditions for party organisation, the adoption and publication of its statute and programme, and in a practical aspect - the need to adopt a democratic programme and democratic mode of functioning. The Leinen and Dimitrakopolous report seems to operate in the same tradition, due to its emphasis on the procedure concerning the loss of the status of European political party in cases when it does not respect „democratic principles and fundamental rights". Those arguments were also present in the Commission argumentation (European Parliament 2001c).

However, since the Tsatsos 1996 report, the subsequent drafts and proposals, looking for a wide compromise, softened their content, resigning from the detailed regulation of party structure, elements of its programme, etc. The draft was becoming less and less strict, to arrive in the final version only to a model of financing political parties. In this context, it is worth quoting a Dutch MEP Meijer from the Group of the European United Left who said on the occasion of debates on the Commission 2001 draft that

> In fact, our objection would be much greater if, modelled on the German system, party structures and the drafting of lists of candidates were prescribed in detail, or if a distinction were drawn between parties which support a Europe that is governed in a centralist and uniform manner and those opposed to this, between centrally organised parties of individuals and loose associations of cooperating national parties or between large and small political movements. I am pleased to note that this proposal is now confined to a financing scheme and the monitoring of inappropriate use (European Parliament, 2001b).

It seems then that nowadays it is rather difficult to judge which model - prescriptive or permissive - is prevailing, since in the Regulation itself we have to do mostly with the financing scheme (see Arnim and Schurig 2004). However, the process of the strengthening of Europarties has not finished. The year 2007 saw the creation of European political foundations affiliated to Europarties, and in January 2011 the European Parliament discussed further steps to strengthen the legal position of Europarties and – what is very important in the light of the above analysis - limit funding only to those Europarties with representation in the European Parliament. Europarties returned yet again to the idea of a full statute of Europarties, which could help redress their most difficult legal problem: lack of a European legal personality, which results that they need to function as NGOs constituted on the Belgian law.

As a result of the entry into force of the Regulation, since 2004 six new extra parliamentary political parties emerged at the European level, including the Eurosceptics (European Alliance for Freedom) and also such Europarties as European Christian Political Movement, with no representation in the European Parliament. The total sum appropriated for Europarties for 2011 amounts to almost 17.2 million EUR, whereas European political foundations affiliated with them were appropriated 11 million EUR.

Appendix A: Grants from the European Parliament to political parties at European level 2004-2011

Party	Seat	Year	Maximum grant awarded to foundation (in EUR)	Maximum grant awarded to party (in EUR)
European People's Party	Belgium	2004 2005 2006 2007 2008 2009 2010 2011	1 587 587 2 863 693 2 929 841 3 271 810 3 354 754 3 485 708 4 959 462 6 183 988	1 051 469 2 398 941 2 914 060 3 156 414 3 354 754 3 485 708
Party of European Socialists	Belgium	2004 2005 2006 2007 2008 2009 2010 2011	1 257 000 2 489 175 2 580 000 2 994 603 3 027 647 3 100 000 3 395 323 4 117 825	1 093 853 2 489 175 2 580 000 2 992 218 3 027 647 3 100 000
European Liberal Democrat and Reform Party	Belgium	2004 2005 2006 2007 2008 2009 2010 2011	618 896 894 454 883 500 1 133 362 1 115 665 1 179 191 1 553 984 1 815 770	462 661 819 563 883 500 1 022 344 1 115 665 1 179 191
European Green Party	Belgium	2004 2005 2006 2007 2008 2009 2010 2011	306 000 568 261 581 000 631 750 641 534 643 562 1 054 999 1 298 539	171 461 568 261 581 000 631 750 641 534 643 562
Alliance of European Conservatives and Reformists	Belgium	2010 2011	1 016 275 1 140 478	

Party of the European Left	Belgium	2004 2005 2006 2007 2008 2009 2010 2011	210 275 365 868 518 626 526 148 536 685 562 405 708 080 846 936	120 895 365 868 439 019 524 251 536 539 562 405
European Democratic Party	Belgium	2004 2005 2006 2007 2008 2009 2010 2011	340 425 459 530 514 797 526 148 496 291 492 487 505 617 598 555	69 862 253 933 163 571 152 611 407 693 249 084
European Free Alliance	Belgium	2004 2005 2006 2007 2008 2009 2010 2011	165 724 217 906 222 627 222 541 226 600 226 600 339 965 395 333	163 222 217 906 220 914 215 198 226 600 226 600
European Alliance for Freedom	Malta	2011	372 753	
EUDemocrats	Denmark	2006 2007 2008 2009 2010 2011	219 825 234 000 226 700 245 274 211 125 259 852	57 763 226 280 153 821 217 167
European Christian Political Movement	Netherlan ds	2010 2011	209 500 259 852	

Source: European Parliament (2011). In the years 2004-2007, the grant from the European Parliament amounted to 75 per cent of each Europarty's total budget. From 2008 onwards, according to the amended Regulation 2004/2003, it amounts to 85 per cent of each Europarty's total budget. The national member parties added the remaining 25 (and later 15) per cent of each Europarty's total budget.

Appendix B: Funding of Political Parties in EU Member States

Matrix on Political Finance Laws (1)

Country	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Austria	yes	no	no	no	no	no	no	no	no	no	no	no	no	yes	no
Belgium	yes	yes	no	yes	yes	yes	no	yes	yes	no	yes	yes	yes	yes	no
Denmark	no	yes	no	yes	no	no	no	no	no	no	no	yes	no	yes	no
Finland	yes	no	no	no	no	no	no	no	no	no	no	yes	no	yes	no
France	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no
Germany	yes	yes	no	yes	no	yes	no	no	no	no	yes	yes	no	yes	yes
Greece		-	-	-	-	-								yes	
Ireland	yes	yes	yes	yes	yes	yes	yes	no	no	no	yes	yes	no	yes	no
Italy	yes	yes	yes	yes	yes	yes	no	no	yes	no	no	yes	yes	yes	yes
Luxemburg		-	-	-	-	-								yes	
Netherlands	yes	yes	no	yes	no	yes	no	no	no	no	yes	no	no	yes	no
Portugal	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Spain	yes	yes	no	yes	yes	yes	no	no	yes	no	yes	yes	Yes	yes	yes
Sweden	no	no	no	no	no	no	no	no	no	no	no	no	no	yes	no
UK	yes	yes	yes	yes	no	yes	yes	no	no	no	yes	yes	yes	yes	no
Summary	**yes:11 no: 2**	**yes:10 no: 3**	**yes: 3 no: 10**	**yes:10 no: 3**	**yes: 6 no: 7**	**yes: 9 no: 4**	**yes: 4 no: 9**	**yes: 3 no: 10**	**yes: 5 no: 8**	**yes: 2 no: 11**	**yes: 8 no: 5**	**yes:10 no: 3**	**yes: 6 no: 7**	**yes:15 no: 0**	**yes: 4 no: 9**
EU	**yes**	**yes**	**no**	**yes**	**yes**	**yes**	**-**	**no**	**yes**	**no**	**yes**	**yes**	**-**	**yes**	**no**

Source: Austin and Tjernström 2003, Funding of Political Parties and Election Campaigns, IDEA International (for EU Member States) and author's own work (for the EU).

Column 1: *Is there a system of regulation for the financing of political parties?*
Column 2: *Is there provision for disclosure of contributions to political parties?*
Column 3: *Do donors have to disclose contributions made?*
Column 4: *Do political parties have to disclose contributions received?*
Column 5: *Is there a ceiling on contributions to political parties?*
Column 6: *Is there a ban on any type of donation to political parties?*
Column 7: *Is there a ban on foreign donations to political parties?*
Column 8: *Is there a ban on corporate donations to political parties?*
Column 9: *Is there a ban on donations from government contractors to political parties?*
Column 10: *Is there a ban on trade union donations to political parties?*
Column 11: *Is there a ban on anonymous donations to political parties?*
Column 12: *Is there provision for public disclosure of expenditure by political parties?*
Column 13: *Is there a ceiling on party election expenditure?*
Column 14: *Do political parties receive direct public funding?*
Column 15: *Are political parties entitled to special taxation status?*

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