



REPORT

# REFORMING EUROPEAN POLITICAL PARTIES

Submitted by  
**European Democracy Consulting**

Submitted to  
**Domènec Ruiz Devesa, MEP**

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This version was edited in 2022 for minor phrasing corrections and an updated equation in recommendation 3.4.4.

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Design template: freepiker.com

Design and layout: European Democracy Consulting

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# ACKNOWLEDGEMENTS

This report was commissioned by MEP Domènec Ruiz Devesa, member of the Committee on Constitutional Affairs of the European Parliament (AFCO), so as to support reform proposals to be brought before this Committee. It was written between 1 January and 15 March 2020. A first draft was provided on 15 February.

The report seeks to contrast the purpose and the current role of European political parties, and to recommend actionable reform proposals to bridge the gap between the two. In doing so, it draws extensively from the literature referred to in the sources and compares European parties to political parties in other multi-level political systems.

Special thanks go to the European parties having filled in our extensive questionnaire, as well as to rapporteurs Mercedes Bresso, Marietta Giannakou and Jo Leinen for their insights.

Further thanks go to Stefanie Errath for her pointed advice on this document.



# GLOSSARY

ALDE	Alliance of Liberals and Democrats for Europe
APPF	Authority for European Political Parties and European Political Foundations
CFREU	Charter of Fundamental Rights of the European Union.
CJEU	Court of Justice of the European Union
ECPM	European Christian Political Movement
ECR	European Conservatives and Reformists Party
EDP	European Democratic Party
EFA	European Free Alliance
EGP	European Green Party
EP	European Parliament
EPP	European People's Party
EUPF	European Political Foundation
EUPG	European Political Group of the European Parliament
EUPP	European Political Party
ID	Identity and Democracy Party
MP	Member of National Parliament
MEP	Member of European Parliament
MRP	Member of Regional Parliament/Assembly
OJEU	Official Journal of the European Union
PEL	Party of the European Left
PES	Party of European Socialists
RE	Renew Europe
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
S&D	Progressive Alliance of Socialists and Democrats



## EXECUTIVE SUMMARY

With the advent of representative democracy, political parties have become essential cogs of our political systems. Their functions have slowly expanded over two centuries, and now range from structuring the vote and mobilising citizens, to candidate selection and the drafting of public policy.

In multi-level political systems, the relationship between components of political parties across the various levels tends to mirror countries' institutional setup: the more integrated the levels, the closer the parties across the different levels. In practice, the various party levels often hold similar ideological positions and, while their stances on specific policy points may differ, they at least share a sense of common identity.

Likewise, the EU's political party system mirrors the Union's confederal structure, resulting in a strict separation between European political parties and their affiliated national parties, with national parties controlling most traditional party functions. The result is an absence of real political parties at the European level, and a failure, on the part of citizens, to identify and relate to their European parties. This limitation stands as one of the core reasons for the lack of a European political sphere and, in turn, for the EU's democratic deficit.

Set up in 2004, the EU's framework on European parties has grown but stalled; despite periodic improvements, it has thus far failed to noticeably increase the role of European parties and engage citizens, even ahead of European elections.

In order to strengthen our European democracy, the role of European parties must be entrenched and expanded. This reform will only succeed with a combination of incentives, constraints, and newfound liberties for European parties. Our 35 reform proposals cover the registration of European parties, their structure and operations, their financing schemes, their role in national and European elections, their visibility for citizens, as well as the applicable sanction regime.

The underlying idea behind these recommendations is to ensure a transition from "parties of parties" to "parties of citizens" and to highlight the interest of all stakeholders, including national parties, in the emergence of more integrated European parties. These recommendations mostly target EU Regulation 1141/2014 on European parties, but also extend to the EU Electoral Act and EU treaties.

Only through bold reform can we hope to lay the foundation of a truly democratic Union, strengthened in its institutions, and governed by and for EU citizens.



# LIST OF RECOMMENDATIONS

## Registration of new parties

- 1.1 Turn European parties into associations of citizens
- 1.2 Lower the Member State requirement
- 1.3 Request party members instead of votes

## Structure and operations

- 2.1 Create a European-level status for European parties
- 2.2 Ensure the possibility of individual membership with associated rights
- 2.3 Request the election of the top leadership and electoral positions by individual members
- 2.4 Limit the number of affiliated parties to one per Member State
- 2.5 Harmonise party names and logos across Europe

## Financing

- 3.1 Extract European party funding from the European Parliament
- 3.2 Allow European political parties to finance affiliated national parties and candidates
- 3.3 Increase the funding of European parties
- 3.4 Overhaul the public funding regime of European parties
  - 3.4.1 Move from split-envelope funding to fixed figures for increased stability
  - 3.4.2 Reassess the lump sum amount to create a level playing field
  - 3.4.3 Replace MEP-based with vote-based funding to reward electoral performance
  - 3.4.4 Introduce individual member-based funding to increase political participation
  - 3.4.5 Use a matching fund to strengthen private funding
- 3.5 Create special rules for new parties to facilitate the emergence of newcomers
- 3.6 Introduce an “electoral kit” for European elections
- 3.7 Use conditionality to support specific policy goals and values

## **Electoral and Referendum Campaigns**

- 4.1 Give European parties a central role in European elections
- 4.2 Allow European parties to fund national politics
- 4.3 Enforce a common manifesto for European elections
- 4.4 Request the selection of parties' Spitzenkandidat via primaries
- 4.5 Give the Commissioner nomination competence to winning parties

## **Visibility for citizens and transparency**

- 5.1 Ensure the visible display of European parties' logo on affiliated parties' websites
- 5.2 Ensure the visible display of European parties' logo on member parties' propaganda
- 5.3 Ensure the display of European parties' logo on ballots for European elections
- 5.4 Enhance the APPF's role, capacity and resources for increased visibility and transparency
  - 5.4.1 Give the APPF a clear role in the public visibility of European parties
  - 5.4.2 Redesign and expand the AFFP's website for increased visibility and transparency on European parties
  - 5.4.3 Expand and improve data reporting by European parties
  - 5.4.4 Increase transparency about the APPF's own work
  - 5.4.5 Organise outreach public events to broaden knowledge of European parties
  - 5.4.6 Increase the budget of the APPF

## **Sanctions**

- 6.1 Set up a more effective and dissuasive framework of sanctions
- 6.2 Strengthen the role of the APPF in controlling European parties

# INTRODUCTION

“Political parties are an essential sinew of democracy and, at the European level, that sinew is missing. [...] A major objective of the European Parliament's current package of proposals, therefore, is to galvanise the rapid development of truly European political parties.”

— Former MEP Andrew Duff, 2011  
*rapporteur on a proposal for a modification of the Act concerning the election of MEPs*

“European political parties would make a decisive contribution to the establishment of an ever closer union of the people of Europe. This would not only be a contribution to the European institutions' greater closeness to the citizen and credibility, but also a helpful step in the efforts to overcome the present credibility crisis of the national party institutions.”

— Former MEP Dimitris Tsatsos,  
*rapporteur on the constitutional status of the European political parties, 1996*

Seventy years after the Schuman Declaration, the European project has successfully brought peace and stability where nationalism had laid waste and devastation. Despite their bickering and lingering self-interest, European countries work together and project themselves in a common future.

However, over thirty years following the introduction of universal direct suffrage, in 1979, European elections remain, by and large, “second-order national elections”. Not only do European elections not allow European citizens to decide on the composition of their common executive, but citizens continue to vote along national lines, for national programmes and candidates, and often as a reaction to ongoing national politics. No matter where we gaze, from a citizen's perspective, to European elections or regular political life, European parties<sup>1</sup> are nowhere in sight.<sup>2</sup>

Of course, even national parties have experienced difficulties adjusting to the 21<sup>st</sup> century and, despite national and ideological variations, the overall trend is that of a continuous drop in party membership across the Western world. In Europe, party membership rates range between 17% in Austria to around 1% in Latvia and Poland; the EU's average stands at a meagre 4.7%.

Faced with this dilemma — a continued lack of engagement of citizens in European politics and, at the same time, a disaffection of citizens for national parties — decision-makers stand at a crossroad. Some argue for the status quo. A first school of thought considers European politics as sufficiently representative through national parties and accept the prominent role of democratically elected national leaders. Another states that citizens' disaffection with national political parties is a clear sign that the national model ought not to be emulated

<sup>1</sup> Despite their treatment in the same Regulation, this report will not discuss European political foundations, but instead focus on the issue of European parties.

<sup>2</sup> Note on the use of the term “European parties”. The traditional structure of political parties distinguishes between the “party in central office”, the “party in government”, and the “party on the ground”. In the case of European political parties, this structure refers, respectively, to the parties at European level, the groups in the European Parliament, and parties at national level, which by and large belong to national parties. For ease of reference, the term “European party”, in this report, refers to the party structure at the European level.

at the European level and that, despite a poor engagement from citizens, European parties already successfully represent citizens' interests in their own specific way.

This report takes the opposite view and contains a strong call for action. It posits, based on an extensive literature review, that while European parties may represent the overall opinions of citizens, their absolute lack of citizen engagement robs them of popular trust and democratic legitimacy. This continued state of affairs entrenches national parties and national institutions in European decision-making, and directly undermines the trust in and legitimacy of the European political system. European parties' role, both in European and national issues, must be strengthened and made clear to citizens.

Furthermore, while participation in and membership of political parties ought to be encouraged, their current decline must be seen as part of the overall decline in popular participation in traditional *corps intermédiaire*, as a "new normal", and not necessarily as a direct failure of political parties themselves. New ways to engage with parties must be found and new structures can be developed — beyond the simple "in/out" concept of membership —, but political parties remain an indispensable interface between citizens and their government, a pillar of representative democracy, and their under-development at the European level must be urgently remedied to.

Addressing the reform of European political parties is therefore as essential as ever, and the recent rise in nationalist parties across Europe must be countered with a strong and coherent political offer for citizens at the European level. The proposed Conference on the Future of Europe provides a timely opportunity for this reflection as well as for the formulation of concrete reform proposals. This report gives a direct and sound basis for these reflections and proposals.

However, providing recommendations — no matter how sound and efficient — is not sufficient to fully grasp the issue at hand. Political parties have a complex role in modern democracies and, in order to address the deficiency of European

political parties, it is essential to comprehend where we stand.

The [first part](#) of this report therefore provides the necessary background for this understanding. It analyses the traditional roles of political parties, reviews the history and evolution of European political parties, and assesses their functioning in light of their expected functions.

The [second part](#) of the report shines a light on the current framework guiding European political parties. It starts by reviewing the current Regulation on European parties and details an example of past reform. From this, it derives broad principles for reform and strategically analyses where various stakeholders stand on the issue of reforming political parties. Moving forward with reform proposals cannot be done alone and will require an informed approach of other actors, including an understanding of their own interests. Specific feedback was obtained from past rapporteurs, as well as from European parties, to inform this section.

Finally, having built a solid basis for the understanding of the current European party system and its desired evolution, the [third part](#) presents a list of 35 concrete recommendations for the reform of European political parties. These recommendations are gathered around six core aspects of political parties: their registration, structure and operations, financing, role in elections, visibility to citizens, and sanctions. For each, direct and independent actionable reform proposals are detailed and supported with information from relevant countries.

Overall, the increase in voter turnout at the 2019 European elections, while a welcome sign, must not be mistaken for increased support for the European political system. Amendment after amendment of the Regulation on European parties have failed to address the core issue of European parties: their inability, both in terms of resources and legal prerogatives, to directly reach and engage citizens. The next reform cannot be another half-hearted attempt, but instead must take stock of national parties' own interest in a stronger European party system and, above all, of the crucial need for true European parties for the realisation of a true European democracy.

# UNDERSTANDING EUROPEAN POLITICAL PARTIES

## The Role of Political Parties

### Tocqueville's perspective on political parties

An essential cog in the machine of modern democracy, political parties have seen their role evolve noticeably over the past two centuries. It is therefore worth taking a moment to review this role, in order to better understand how they can better perform.

Scholars identify two main sources for the development of political parties. Parties can develop from the structured expression of societal interests, through the mobilisation of citizens — this is the so-called *extra-parliamentary* origin of parties. Conversely, parties can stem from the political needs of elected officials — the *intra-parliamentary* origin of parties. Historically, the earliest parties have stemmed from parliaments, in the United Kingdom and in the United States.

Writing about his observations in the U.S., Tocqueville notes a difference between what he calls "great" and "small" parties, in a very moral sense. In this case, however, the word "party" is understood as a group of individuals, a faction, not in the modern sense of an organised structure.

"Great parties" embody a societal cleavage and go beyond the interest of the individual to support the public good. He sees those parties in Europe and embodying classes of society, for

instance the party of the Ancien Regime versus the party of the bourgeoisie. These parties are doctrinal and aim at the eradication of their opponent: no compromise is possible.

In a more moderate sense, the U.S., at the time of the drafting of the Constitution, had its own great parties. They did not seek to destroy a pre-existing order, but nonetheless opposed each other on principles and differing visions of society.

By contrast, Tocqueville sees "small parties" in late 19<sup>th</sup>-century United States, inherited from the Jefferson-Hamilton opposition; parties that accept the institutions as they are and argue not over great issues but small points of policy. They may refer to great parties of the past, but their main concern is electoral gain.

Despite this unflattering presentation, Tocqueville supports these parties, as, in a democratic society, there is no place for the grand changes advocated by "great" parties. Society cannot be constantly overhauled. He therefore joins in the widespread criticism of political parties of the time, but recognises their overarching importance.

First of all, political parties are a way for minorities to gather and defend their interests; they provide a way to remedy the tyranny of the majority. Through political parties, those defeated in the democratic game keep a stake and a reason not to enter into rebellion.

Secondly, in the democratic age, where aristocratic classes have disappeared, parties help prevent the atomisation of society: they help men look beyond their individual interest.

As such, says Tocqueville, political parties are a tool for moral development and for the improvement of the individual.

Finally, by creating a multiplicity of interests, the development of a healthy political party system helps prevent the concentration of powers and despotic tendencies: better to have temporary alliances of men than the permanent power of the nobility.

Therefore, once democracy has been attained by great parties, "small" parties encourage participation and lead us to think critically, helping us choose between democracy with liberty or democracy with servitude.

This view of political parties underlines not only the need for *political parties*, but for a well-functioning democratic *political party system*.

Therefore, beyond the mere existence of political parties, their ability to play their role efficiently — to fulfil their functions as political parties — is what ought to guide the structure of any party system.

## Functions of modern political parties

Whether they stem from parliament or from engaged citizens, modern political parties have embraced larger roles along with the gradual development of democratic societies. The benchmark used to assess political parties nowadays counts seven main functions.

Firstly, political parties **structure the vote** through party labels: citizens are able to identify their interests and values, and match them with a party label that they choose to vote for — be it as a positive vote for a programme, or a sanction vote against parties in government. This involves the recognisability of parties' labels, including their values and proposals.

Secondly, political parties serve to **mobilise and socialise the population** by connecting citizens to the political system and by increasing their attachment to that system. This is done to varying degrees, from regular voters to militants to members and activists.

Political parties also contribute to **candidate selection**. Whether the choice is made by party leaders or, more broadly, through members-only or open primaries, parties are the gateway to the selection of those running for office. This often involves recruiting and training political personnel.

A fourth function consists in the **aggregation of interests** of sections of the population. Whether a party aims at representing a whole class, based on a large societal cleavage (such as a socialist or christian-democrat party), or a narrower section, based on common interests or values (such as pirate, animalist or hunters' parties), political parties make a claim to represent the interests of a portion of the population.

Fifth, political parties contribute to the **development of public policy**. Depending on the interests and values they represent, political parties elaborate their ideology, draft policy positions and seek to influence the policy-making process, inside and outside of official institutions.

Through their role in political personnel selection and policy-making, political parties contribute to **structuring the relations between the legislative and the executive branch**. While some elected officials run as independents and several positions may be designed to be above parties (for instance, ceremonial presidents in parliamentary systems), the bulk of elected officials and political positions in the executive are closely linked to party membership.

Finally, parties contribute to the **legitimacy of the political system**. Deriving from the six functions described above, political parties strengthen the political system by ensuring the representativeness of citizens, providing stability and cementing popular support.

For each of these functions, individual parties or entire party systems can have a range of impact, sometimes strongly fulfilling their functions, sometimes having a rather limited role. Over time, this structural ability to perform party functions is variably affected by societal moods and trends.

## Current difficulties of national political parties

Following close to two centuries of existence, national political parties are experiencing their own difficulties in performing their traditional functions.

Membership levels of national parties vary widely from country to country, ranging, in the European context, from 17% for Austria down to less than 1% in Latvia and Poland, with the European average standing at around 4.7%. The general trend of party membership, however, is clear: it is sharply going down.

Alongside membership, parties are failing to attract sufficient private funding for their activities and campaigns, making them increasingly dependent on public funding, and further cutting them off from citizens by limiting the need for outreach.

These difficulties reflect a crisis in representation, with citizens feeling less and less represented by political parties, and levels of trust in politicians and political parties hitting record lows. Overall, the link between parties and citizens has been seriously damaged by scandals and maladministration, and parties have been forced to undertake their own reforms.

As a result, some parties have sought to open their decision-making processes — including major policy decisions, manifesto adoption, and leader and candidate selection — to a wider part of their membership. This has included the use of new technologies and a shift from delegation models (whereby party members choose delegates who vote for them) in favour of direct democracy models (where members vote for themselves on a number of issues).

Political parties have also sought to change the structure of their membership, moving away from the "members only" model and allowing for various statuses, including members, sympathisers, militants, volunteers, etc.

The consequences of these changes are not yet clear. Some argue that parties granting more rights to members reach a more representative membership, socially and politically. However,

others point out that reducing the role of party leaders in favour of the base limits attempts to attract a wider electorate and increases more radical positions. In turn, this decreases the representative nature of political parties and contributes to alienating a wider portion of the population.

Following this short review of the role and functions of political parties writ large, let us see how they play in the specific case of European political parties.

## Origins of European political parties

### Development of European political groups

The history of European political parties goes hand-in-hand with the development of European institutions and begins in the legislative arena, through parliamentary groups.

The original rules of the Common Assembly of the European Coal and Steel Community, created in 1952, made no reference to political parties. Very soon, however, members stopped sitting in alphabetical order, and instead gathered by ideology. By 1953, the Assembly's Rules of Procedure started accounting for party representation alongside national representation in the allocation of committee seats.

In 1958, the newly-created European Parliamentary Assembly inherited, from the ECSC's Assembly, its Rules of Procedure, as well as its three parliamentary groups: the **socialists** (the most ideologically cohesive group), the **christian democrats**, and the **liberals and apparentés** — with no real doctrinal basis to speak of and whose members were often in so as to be part of a group.

Criteria for the formation of a parliamentary group were limited: members were required to share "political sympathies", and the minimum number of members was set at nine — out of 78 in 1953 and 143 in 1958 (respectively 11.5% and

6.3%, compared to 3.3% today).

Interestingly, the criterion of political affinity proved more binding than national origin. The creation of the original political groups rested on the identification of a few sociological cleavages understood by political actors in a similar way across Western Europe: cleavages between agriculture and labour, church and State, centre and periphery, and industrial workers and the owners of the capital.

These cleavages, in particular the *class* and, to a minor degree, *religious* cleavages, structured the EU's party families according to the social groups they represented and the ideology to which they subscribed. Meaningful at the national level and shared across borders, these cleavages kept their relevance at the European level, forming the basis of the left-right reference across Europe for parties and voters alike.

## Creation of European political parties

The trajectory of European political parties took a notable turn in the second half of the 70s, ahead of the first election of the European Parliament by universal suffrage, in 1979. The first structures appeared outside of Parliament under various names. The most common denomination, that of "transnational party federation", implied an umbrella organisation for national parties, operating across borders, yet not fully integrated. This contrasted with European political groups in the European Parliament, operating independently from their member delegations on a supranational basis. Nevertheless, the feeling was one of euphoria and optimism, with the election of Parliament and the development of European parties seen as an undeniable progress for European democracy and citizens.

Evolution proved slow, but another step was made when the efforts of European party leaders succeeded in the inclusion of the first article relating to European parties in a European treaty. In 1992, the Treaty of Maastricht read:

"Political parties at European level are important as a factor for integration within the Union. They contribute to

forming a European awareness and to expressing the political will of the citizens of the Union."

Article 138a (the so-called "party article") marked an important, if limited, step in the history of European political parties. While it remained mostly declaratory and failed to bring about any meaningful change, this article enshrined the first constitutionalisation of European parties, almost 50 years after their unofficial creation.

Efforts continued to amend the article, including through the addition of funding provisions. In 1996, Greek MEP Dimitris Tsatsos, in his report on the constitutional status of European political parties, wrote that "European political parties would make a decisive contribution to the establishment of an ever closer union of the people of Europe" and help "overcome the present credibility crisis of the national party institutions."

Further efforts were conducted ahead of the 1997 Treaty of Amsterdam; while they did not yield tangible results, they are believed to have laid the groundwork for later reform. In 2000, the Parliament called for article 138 to be widened and to include funding provisions.

European parties themselves were at the forefront of that effort. In 1999, the leaders of four European parties — the EPP, PES, EFDP (Greens) and DPPE/EFA — drafted a common statement calling for the strengthening of European parties and asking the Commission for a draft Regulation. Soon after, in 2000, the Secretaries-General of five parties — EPP, PES, ELDR, Green Group, and DPPE-EFA — proposed common rules for the financing of European political parties and, in a letter to the Commission, urged President Prodi to launch a legislative initiative.

## Own public funding for European parties

Pressure continued to mount with a 2000 report from the European Court of Auditors criticising the lack of transparency surrounding European parties. Lacking financing, most European parties, at the time, were hosted by their respective political groups in the Parliament



building. The Court further criticised the lack of financial transparency of political groups, whose funding should be used for parliamentary work, and not for the separate activities of political parties.

As the need for separate funding became more pressing, the Commission tabled a proposal in 2001, but negotiations collapsed in the Council of Ministers where unanimity could not be reached.

Signed in 2001, the Treaty of Nice introduced a double breakthrough. Firstly, the revised Article 191, broadening the use of qualified majority, and applied it to the regulation of European parties. Secondly, it introduced the first direct mention of European parties' funding, providing a secure legal basis for reform work on this topic:

"The Council, acting in accordance with the procedure referred to in Article 251, shall lay down the regulations governing political parties at European level and in particular the rules regarding their funding."

Following the Treaty's entry into force in 2003, the Commission proposed another draft Regulation, which was adopted by the Parliament and Council later that year. The resulting act, Regulation 2004/2003, entered into force in 2004 and created the framework for party funding at the European level, including an equal subsidy (lump sum) and one distributed proportionally to parties' number of MEPs.

## Amendments to the Regulation on European parties

Following its entry into force, the Regulation on European political parties was amended four times, to varying degrees of importance.

Although officially recognised and with access to European public funding, European political parties initially remained exclusively governed by the national law of the Member State in which they had their seat.

Following a call for reform from the European Parliament, the first revision of the Regulation came in 2007. It gave European parties European

legal personality and made changes to funding rules, including by allowing political foundations to receive funds separately from their European political party of affiliation.

Calls for reform sprung up again in a 2011 EP Resolution aimed improving the legal and financial framework of European parties. This led to a more far-reaching revision in 2014, which came fully into force on 1 January 2017. This new Regulation included the creation of the [Authority for European Political Parties and European Political Foundations](#) (APPF) and provided for a sanctions regime to be imposed by the APPF, the European Parliament and national authorities.

Another consequential reform, in 2018, strengthened the rules regarding the registration of European parties in order to prevent individuals from sponsoring several parties; likewise, member parties could no longer be members of several European parties.

In terms of funding, the amount of EU funds distributed equally to all European parties was lowered from 15 to 10%, thus increasing the share of funding distributed proportionally to European parties' number of MEPs, and a larger share of European parties' expenditure was made eligible for reimbursement from EU funds.

Conversely, and in order to increase the visibility of European parties, the presence of European parties' logo and programme on their member parties' websites became a requirement to receive European public funding.

Finally, a 2019 reform strengthened the Regulation's provisions relating to data protection.

Overall, the history of European political parties and of the reform of their status clearly highlight the predominant and proactive role of the European Parliament vis-a-vis European political parties. Not only did European parties develop from parliamentary groups, but MEPs, despite their lack of legislative initiative, have continuously stood at the forefront of reform proposals to strengthen the role and visibility of European parties.

Currently, and since the 2009 Treaty of Lisbon, the role of European political parties is set out in

the Treaty on European Union (Article 10(4) TEU) and Article 12(2) of the Charter of Fundamental Rights of the European Union.

"Political parties at European level contribute to forming European political awareness and to expressing the will of the citizens of the Union."<sup>3</sup>

— Art. 10(4) TEU

"Political parties at Union level contribute to expressing the political will of the citizens of the Union."

— Art. 12(2) CFREU

In turn, the development of European parties and the context in which they developed, alongside strong national parties, is responsible for the current functioning of European parties as well as for their limitations and, therefore, for the need to reform them.

## Functioning and limitations of European political parties

The frame of reference for the regulation of European political parties — what they were modelled after and what they are compared to — is that of *national* political parties. In practice, regulations at the national level vary drastically and help explain the persisting differences between national and European parties.

While national parties preceded their own regulation, which was often developed in order to curb corrupt practices and ensure a level playing field, the real development of European parties came mostly *as a result* of their institutionalisation, which allowed them to escape the overbearing presence of their parliamentary groups. Public funding was not provided in order to make competition *fairer*, but as a way to *build* this competition.

Let us first review the functioning of European parties along six dimensions — registration, structure and operations, financing, electoral campaigns, visibility for citizens, and sanctions regime — before assessing the way they perform the traditional functions devolved to political parties.

### Registration

Beyond the requirement to be located in an EU Member State and to follow relevant national regulations from that State, the EU's regulatory framework does not impose any constraints on internal party organisation for the purpose of registration. Likewise, there are no ideological requirements, beyond the support of EU values, and therefore no need for a party to be ideologically homogenous; by contrast, political groups can no longer be mere "technical" groups and are required to group by political affinity. This criteria has led to applicants being denied the status of parliamentary group, and, in one case, to the dissolution of an existing group.

Competing in European elections is a requirement, but political parties hardly run. In 2014, only five out of 13 European parties nominated a Spitzenkandidat. Even in 2019, after the successful election of a party's Spitzenkandidat at the previous election, only six parties elected a Spitzenkandidat.<sup>4</sup>

The strictest requirement is undoubtedly that of geographical representation, requiring elective representation in a quarter of EU Member States. Yet, it wasn't until the 2018 revision of the Regulation that its definition was clarified, specifying that only national political parties, and not individuals, could sponsor the creation of a European party. Loose membership criteria had previously allowed associations to be sponsors or even led the same individuals to sponsor several political parties.

However, requirements on ties with political groups remain non-existent and it remains possible for members of national parties to be

<sup>3</sup> Consolidated version of the Treaty on European Union, EUR-Lex, <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12016M/TXT&from=EN>

<sup>4</sup> Two of them, the Green Party and the PEL chose a duo of candidates. Nominating a team of seven people, ALDE cannot be considered to have truly partaken in the Spitzenkandidat system.

affiliated to a European party and to a political group that do not correspond to each other.

## Structure and operations

The structure and organisation of political parties stem from national political frameworks. Political parties seem to converge according to national frameworks, and not based on their ideology, meaning that two parties from the same countries but with different ideologies will look more the same than two parties of the same ideology but from different countries.

As we have seen, there are no direct requirements imposed on the structure of European parties. However, EU parties must be based in a Member State and follow national legislation. Given the concentration of European political activities in Brussels, most European parties (8 out of 10 at the time of writing) are registered in Belgium and are therefore bound by Belgian regulations on non-profits.<sup>5</sup> As a result, most European parties end up with similar structures.

For their operations, European parties usually encompass:

- a congress of representatives of their member parties, forming the foundation of the party federation and deciding on key issues and orientations;
- a central office, managing day-to-day activities; and
- Party leaders' meetings and pre-summits or summits for leaders of both government and opposition parties.

Given the time and resources needed for national parties to get fully involved in European parties' work, they tend to focus on where their impact can be the biggest: congresses and summits. As a result, national parties end up using European parties mostly as pan-European coordinators and networking events.

During meetings, national parties will strive to move the European party's position as close to their own as possible. Studies show that a

major criteria for a national party's success and influence is not money, influence in their Member State, or their belonging to large Member States, but their European legislative resources, meaning their number of MEPs.

The more votes a national party can deliver in the European Parliament, the more influence it has in setting its European party's policy position. Consequently, the result of congresses favours parties with large numbers of MEPs and, therefore, almost systematically favours delegations from larger Member States or particularly large delegations from medium-sized Member States.

This influence of legislative resources is confirmed by the nationality of the leader(s) of each group in the European Parliament: out of seven political groups, six are headed by a member of their largest national delegation (sometimes as part of a leading duo).<sup>6</sup> The seventh parliamentary group, Renew Europe, would have followed the rule, if it weren't for unsavoury comments that led to its French prospective leader being replaced at the last minute. The link is more tenuous for the leaders of political parties, who are not chosen following European elections; overall, they tend to be from different nationalities than group leaders, but rarely come from countries with small delegations.

As a result, small parties and most parties from small Member States are very limited in their ability to influence positions taken by European parties at congresses and summits. This translates to a limited investment from these parties in European party structures and events, further limiting their own influence and the capacity of European parties to influence them.

This failure to properly include and account for small national parties and Member States is detrimental to European democracy and to the connection of European parties with citizens from these countries.

Overall, European parties appear more elite-driven than national political parties. Their leadership runs party activities with limited participation from partisans in the day-to-day

<sup>5</sup> The ECPM is based in the Netherlands while ID Party is located in France.

<sup>6</sup> See <https://europeanconstitution.eu/not-transnational-lists-transnational-parties#footnote15>

	EUPG	EPP	S&D	Renew Europe	Greens	ID	ECR	GUE/NGL
Largest national delegations		Germany (29)	Spain (20)	France (20)	Germany (25)	Italy (28)	Poland (26)	Spain (6)
		Poland (17)	Italy (19)	UK (17)	France (12)	France (22)	Italy (5)	Germany (6)
		Romania (14)	Germany (16)	Spain (8)	UK (11)	Germany (11)	Cz. Rep (4)	Finland (6)
		Hungary (13)	Romania (10)	Romania (8)	Nether. (3)	Belgium (3)	Nether. (4)	France (5)
Leader from	Germany	Spain	Romania	Germany/ Belgium	Italy	Poland/Italy	Germany/ France	

Largest national delegations of EU Parliamentary Groups and nationality of the group leader(s) (post-2019 election, pre-Brexit figures)

work; parties do not have an electorate they speak to or rank-and-file members, and, unlike national parties, they have almost no direct links with the general public.

### Funding schemes

#### Public and private income

Provisions on funding also function differently from national regulations and use a triple ratio system.

First of all, public funding for European parties is agreed upon and included as a budget line in the European Parliament’s budget. Out of this agreed amount, 10% is shared equally amongst all European parties qualifying for funding, and 90% is distributed in proportion to parties’ share of MEPs. Amounts are assessed on an annual basis.

As a result of this allocation mechanism, the amount of money European parties receive is dependent not just on their own performance, but on the sheer number of political parties. Increasing only from 8 to 10 between 2004 and 2010, the number of parties jumped to 16 parties by 2017 before falling back down to 10 in 2018.

This allocation of public funding is beneficial to the larger parties.

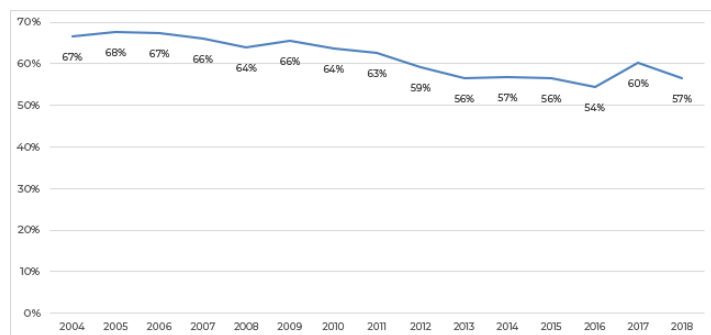
Between 2004 and 2018, the EPP and PES combined received an average of 60% of all EU funding for political parties, contributing to cementing their control over the EU’s political life.

Secondly, the EU applies a public-private ratio for the income of European parties. According to this ratio, public funding covers at most 90% of parties’ eligible income. The remaining 10% must come private sources, including members’ contributions and private donations.

When a party fail to gather sufficient private funding, its actual amount of public funding is reduced so as to ensure the 90-10 ratio.

This ratio was increased from 85-15 in 2018, following difficulties from parties in gathering sufficient private funding.

On the one hand, the high ratio of public funding creates somewhat of a level playing field for smaller parties entitled to public funding, since



Share of EU public funding received by EPP and PES combined

it allows them to receive public funding even without a wide basis of private financial support.

However, not only is this high public funding still limited to political alliances actually meeting the registration criteria, but it has also made European parties far less reliant on private funding, including on individual members and private donations. As a result, European parties have not had an incentive to reach out to citizens, engage with them, and seek their support and contributions. In practice, such ratios of public-to-private funding have given them a status of semi-state agencies.

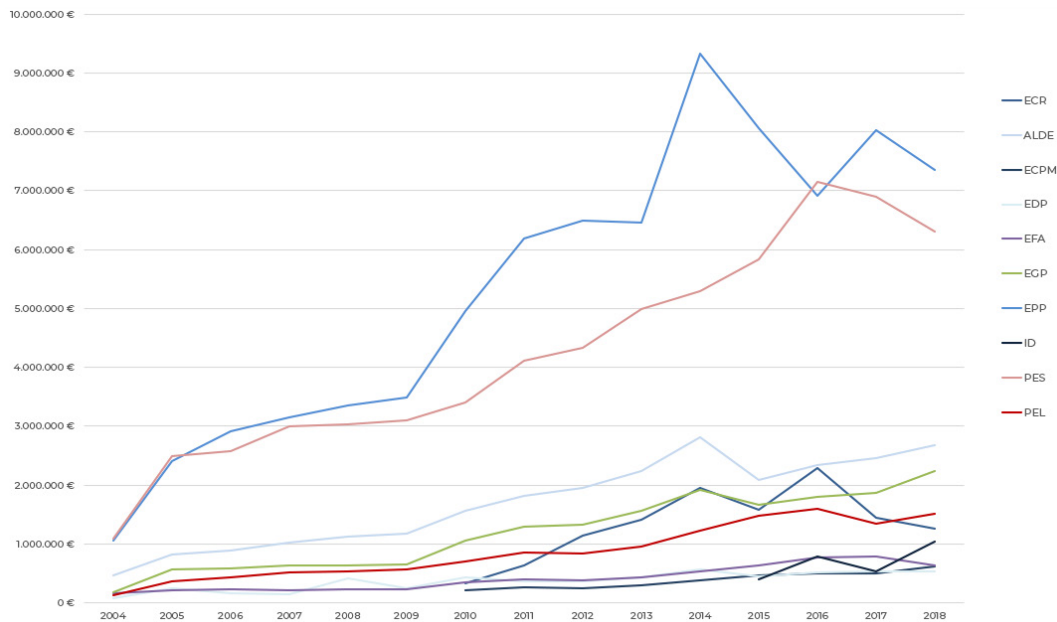
Finally, a third ratio has sought to limit the reliance of European parties on contributions from their members. As such, European parties are allowed to receive member contributions, but these shall not exceed 40% of the parties' annual budget. The remaining 60% must come from donations and public funding. Given the membership of European parties, "members" often means "member parties" and this measure aims at limiting the role of national parties in the funding of European parties. In practice, the amount of public funding available all but ensures that the 40% bar is not reached.

*Expenditure*

The legal framework of European parties has actively sought to achieve a strict separation between national and European parties. One such measure is the strict separation of funding between national and European parties.

As we have seen, national parties are limited in their contributions to European parties. Regulations are even stricter in the opposite direction, as the funding of European parties from *any* source cannot be used for the direct or indirect funding of other political parties, and in particular national parties or candidates. The same applies to political foundations and neither are permitted to fund referendum campaigns.

Funds of European parties may be used to finance campaigns conducted by European parties in the context of European elections in which they or their members participate. This includes the co-organisation of events and activities with national parties. However, this tends to blur the strict separation of European and national funding and has led to cases of misuse of EU party funds, as it is often difficult to determine when there has been indirect financial support.



EU public funding received by European parties since 2004

The stronger the link between the national and European party organisations, the more difficult it will be to differentiate between the campaign activities of the two organisations, which, for better or for worse, increases the likelihood of indirect financial support to national parties.

## Electoral campaigns

While authorised indirectly to campaign in European elections (through the right to use their funding in the context of elections to the European Parliament), European parties' role is, in practice, limited in terms of sheer number of activities and certainly dwarfed by national campaigns organised by national parties.

Perhaps the most visible contribution of European parties is the drafting of an electoral manifesto which, in name, guides the party's policy proposals and campaign efforts. In practice, however, not only are these manifestos rarely translated in all EU languages and used by national campaign teams, but national parties write their own manifestos that often diverge from or even contradict European manifestos.

European parties also organise events across Europe and may participate in events organised by non-partisan organisations that seek to involve European parties, including various democracy festivals or the European Parliament's own efforts to mobilise voters, such as 2019's "This time I'm voting" campaign. These contributions, however, usually do not include mass rallies and the clearest instances of cross-border events were joint meetings organised by *nationalists* national parties, and not by their European parties of affiliation.

One of the goals of the Spitzenkandidat system was to do away with this back role and provide European parties with a central figure to campaign around. Through this personalisation of European elections, European parties would have been able to hold large events aimed at promoting their Spitzenkandidat, and give a definitely European flavour to the campaign.

In 2009, with the Treaty of Lisbon signed but not in force, European parties were undecided, but ultimately decided not to designate

Spitzenkandidaten. In 2014, several main parties did designate their Spitzenkandidat, but their campaign efforts remained very limited.

The successful nomination of Jean-Claude Juncker as the President of the European Commission, in 2014, emboldened parties, and campaign efforts intensified in 2019. However, following comments by President Emmanuel Macron, the continued uncertainty over whether the European Council would play along, as well as the refusal of some parties, such as ALDE, to participate, hampered a true European campaign, and national campaigns by far continued to outshine European ones.

As such, the Spitzenkandidat system, until now, has failed to alter the second-order character of EP elections, which remain mostly national. The legacy of European parties and out-going MEPs is not taken into account by national parties, either in the elaboration of the candidate lists or in the unfolding of the campaign itself.

## Visibility for citizens

European parties, for the most part, are unknown entities for the vast majority of European citizens. Very few citizens know their names, their logos, or are able to name the European party their own national party is affiliated to.

The closest citizens get to European parties is during European elections, where they could hear about them on the campaign trail. However, national parties often fail to mention their European party of affiliation on posters and other campaign material, and rarely use the manifestos drafted by European parties — which often remain underdeveloped statements of principles.

With national parties hogging the spotlight and media attention, citizens continue to vote almost exclusively for their respective national parties, unaware of the European party or EP group their candidate is a member of.

European parties have sought to remedy this lack of direct link with citizens who, as members of political parties, can provide contributions, word-of-mouth communication, and can shoulder in-person interactions with voters.



Comparisons in size and layout between the PES and PSOE manifestos (above), and between the ALDE and En Marche manifestos (below) for the 2019 European elections

Most European parties have therefore started introducing individual membership, alongside the membership of national parties.

Conversely, supporters usually stand to gain from direct party membership, including by getting a say in a party's policies and in the choice of its leaders, and by finding purpose and a source of socialising with like-minded citizens. There is no reason to believe these elements would not apply in a similar manner to European parties as they do to national parties.

However, individual membership is a precious commodity that national parties have not been eager to part with. As such, they have been reluctant to allow the wide development of individual membership in European parties and to endow it with influence in policy and party leader selection. So far, individual members of European parties are mostly MEPs, and national parties retain the last word on issues from electing party leaders to writing and ratifying policy positions and manifestos.

While national parties are reacting to a decline in membership figures by giving more rights to their members, increasing direct participation and setting up horizontal structures, European parties have lagged behind and been denied these transformations. As a result, they, by and large, remain "parties of parties".

## Functions of European parties

Based on this review of the functioning of European political parties, we can assess how well European parties currently fulfil the basic functions of political parties previously identified.

### *Structure the vote*

European parties do not structure the vote. At the national and sub-national levels, they are forbidden to partake in elections or referendum campaigns. Even for European elections, their effective role is limited and, in any case, hidden from view for citizens who follow the campaigns, root for, and cast their ballot in favour of national parties. In this sense, citizens do not match their political preferences with a European party label they relate to.

Furthermore, despite their increase in

importance, European elections remain second-order *national* elections: they have no effect on parties in government at the national level, do not influence their policies, and do not even truly decide the choice of the European executive. This last point could have been partially remedied to via the Spitzenkandidat system but, after one somewhat successful instance, it is currently on life support.

### *Socialisation and mobilisation of the public*

Socialisation and mobilisation are linked to recognisability, which, for European parties, is very low. With a very limited focus on individual membership (where it is at all possible), European parties do not trigger nearly the same level of activist mobilisation that national parties are able to muster.

### *Candidate selection*

The role of European parties in candidate selection — beyond their own leaders — is close to non-existent, as national parties continue to exercise a monopoly on candidate selection and list arrangement for European elections.

Likewise, for the choice of the European executive, national governments each nominate their own candidates for the College of Commissioners (often even disregarding requests to provide two or more names), while the position of President of the Commission, along with a few other key positions, is the subject of a grand bargain among European Council members.

This situation slightly improved with the perspective of the election of Spitzenkandidaten by European parties. However, not only did only a fraction of European parties actually proceed to the selection of a candidate (or duo of candidates), but these choices were not made through European-wide primaries involving citizens, and the ultimate choice of the President-elect disregarded the Spitzenkandidat system altogether.

### *Aggregation of interests*

The assessment of this criteria is less clear, as some parties have proved to be more ideologically coherent, and therefore to embody more clearly a set of interests. This is, for instance, the case for the socialist and green parties.



European political parties sometimes seek to act as convenors, by building large networks of civil society organisations, but, despite the existence of formal networks, this remains rare.

*Integration and formation of public policy*

Compared to national parties, European political parties only contribute marginally to policy formulation. This is both because the competencies of the European Union are more limited, and because European parties lack the ideological homogeneity of national parties. Given their confederal structure and the strong role of national parties, European parties often limit themselves to expressing a minimum common denominator. As a result, their electoral manifestos are short, undetailed, rarely engaging, and seldom read.

The disconnect between political parties and political groups also affects the efficiency of European parties' message. Political groups do not always follow the party line during votes, and the link between European parties and parliamentary groups is sometimes tenuous, since not only do several parties come together as a single group, but members of the same European party sometimes belong to different parliamentary groups.

*Organisation of government*

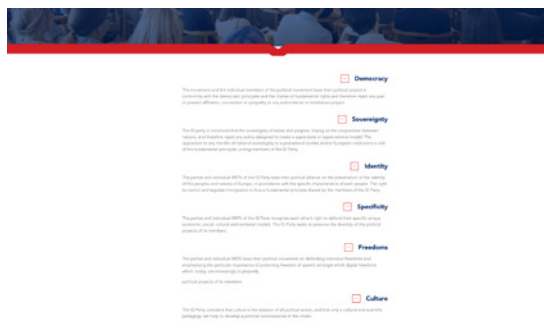
European parties provide a link between the

legislative and executive branches through their congresses and pre-European Council summits. These events are opportunities for members to get acquainted, but often remain general exchanges of view and do not lead to unified positions. Given the difficulty to constrain Heads of State or Government, the efficiency of these summits is sure to remain limited. Finally, not all parties organise such summits, which remain the purview of large parties, especially the ones more strongly represented in the European Council.

*Legitimisation of the political system*

This last point relates to the connection that parties create between citizens and the political system, and it derives from the previous six points. As we have seen, European parties are weak on all six other functions; consequently, they fail to create a tangible link with citizens. They seldom try and speak to them, and even more rarely manage; their influence on the national political sphere is prevented, and their role on the European political sphere remains limited, always coming fourth to national executives, national parties, and political groups.

This review of European parties' functioning and limitations is what guides our willingness to reform them. From it, we can start mapping the way forward for a strong European party system.



Comparison of European and national contribution to public policy

The entity of ID Party's policy content (left) fits in 20 lines focusing on broad values. For the French presidential election, the Rassemblement National (right) proposes 144 policy commitments.

## The way forward

### The need for stronger European political parties

The analysis above highlights the weakness of European parties, to varying degrees, on all the traditional functions of European parties. And, on all counts, European parties lose not for lack of a need for these functions, but instead for the explicit gain and advantage of national parties.

Of course, taking national parties as a reference for political parties in the European system is delicate, as it is setting European parties up for failure. In this sense, the results above should not be surprising. However, it is the size of the gap between national and European parties, and not the gap itself, which ought to alert us; and, in this sense, the comparison remains pertinent.

First of all, it allows us to gain insight into the functioning of European parties and gives us a scale to measure how well they perform.

Secondly, the functions of political parties are also used to assess the functioning of political parties in many countries, including those with multi-level systems, such as federations. Unlike systems where functions are shared between several levels, this comparison underlines that, in the European party system, the monopoly of party functions is currently borne by national parties at the direct expense of European parties.

Lastly, the comparison with national parties gives us useful best practices, for instance on party organisation, communication, financing schemes, and voter behaviour. In order to be able to use these best practices and turn them into concrete recommendations, we need to properly understand the legal framework guiding the activities of European parties.

The next chapter will therefore present the main points of this framework, detail a recent example of reform, and, from this, derive the principles that must underline our reform effort, as well as the support and opposition that we can expect.

Yet, as we consider the way forward, we must recognise that the European Union is neither

a real confederation, nor a true federation. It is indeed, by its own history and construct, a system *sui generis*. However, this qualifier is regularly abused by commentators and politicians, as, while it does describe the uniqueness of the EU, it certainly does not prevent comparisons with other political systems. The line ranging from most centralised systems to the most decentralised federations is a continuum and the EU has its own, unique, evolving place on this axis.

As such, it can, and should, be compared to other multi-level systems of governance, draw conclusions from their history, and consider using their best practices wherever necessary. European institutions do not exist in a vacuum, and the EU's uniqueness will persist regardless of the lessons learnt we integrate. This uniqueness is part of the nature of the Union, and should not be used to prevent considering improvements to its political system.

Indeed, as the European Parliament's 1996 resolution on the constitutional status of the European political parties states:

“without a functioning party system, a strong and robust democracy in which the citizen participates actively is inconceivable; this also applies to the level of the European Union. [...] European political parties organised and acting on a transnational basis are necessary so that a genuine European citizenship may emerge which monitors, discusses and influences the expression of politics will at European level.”

The debility of current European parties — their continued inability to carry out their proper functions — therefore can and should be remedied to if we are to live up to the EU's values, including democracy, equality and the rule of law. Guaranteeing these values to all citizens requires us to take a page from other multi-level systems and strengthen our European parties.

### Trends of Europeanisation

We have established that remedying the deficiencies of the European party system

required a strengthening of European parties. One last element to consider before considering the details of their regulation and of their reform is potential hurdles that can stand in the way of creating a strong European party system.

In the current European party system, European parties themselves have a limited role, while national parties fill the functions of parties both at the national level and, sometimes, at the European level. European politics is therefore primarily embedded in national politics. Are the differences between national political systems strong enough to hinder the development of a true European party system?

*National party systems*

The literature on party systems usually studies the number of political parties and the ideological distance between them. Since a number of parties are inactive or too small to have a strong impact on the political system, the sheer number of parties is usually replaced by what is called the *effective* number of parties, which weighs the number of parties with their relative strength (expressed in fraction of the vote or seat share in the lower house).

Across Europe, the effective number of parties ranges from 2.00 in Hungary and Malta, up to 6.74 in the Netherlands and 8.42 in Belgium (which remains a particular case due to the presence of “sister parties” in Flanders and Wallonia). The average number for the 2010 EU-27 was 4.01.

This wide variety between Member States may be an obstacle for the creation of a common European party system, by creating an incompatibility between the various national party systems and the European party system. This is particularly true in cases where several national parties belong to the same European party. For instance, Member States such as Bulgaria, Slovakia or Italy have 4 or more national parties belonging to the EPP. Other European parties, such as the PES and EGP, are less concerned.

The amount of resistance will depend on the amount of positive support that can be generated by national parties in Member States or in European parties where this is not an issue, as well as by the ability of national parties facing

this situation to see themselves as allies on the national scene.

Another issue is the reshuffling in European political groups that takes place following European elections. While this mostly concerns non-core political groups (mostly on the far-right), it highlights a limited political commitment of national parties to their European political groups. Given the greater visibility and, often,

	EGP	PES	EPP
Austria	1	1	1
Belgium	2	2	2
Bulgaria	2	1	4
Croatia		1	2
Cyprus	1	1	1
Czech Republic	1	1	2
Denmark	1	1	2
Estonia	1	1	1
Finland	1	1	2
France	1	1	1
Germany	1	1	2
Greece	1	1	1
Hungary	1	1	2
Ireland	1	1	1
Italy	1	2	6
Latvia	1	1	1
Lithuania		1	1
Luxembourg	1	1	1
Malta	1	1	1
Netherlands	1	1	1
Poland	1	2	2
Portugal	1	1	2
Romania	1	1	3
Slovakia		1	4
Slovenia	1	1	3
Spain	2	1	1
Sweden	1	1	2

Number of national parties affiliated to three major European parties

role of political groups, this periodic realignment of European parliamentary groups is an impediment to the development of a stable European party system.

#### *National regulations on political parties*

Europe has a patchwork of constitutional and legal provisions — or lack thereof — on political parties, ranging from their legal form, the need for a specific act regulating them, the modalities of their funding regime, or the requirement for parties to participate in elections.

Underlying these provisions is the core question of whether political parties should be seen merely as private gatherings of citizens sharing an ideology or interest (the UK's model), or whether parties are semi-institutional actors with a defined role in representative democracy (the German perspective). The latter view leads to constitutional provisions, requirements to respect democratic values and practices, organisational standards, etc. Recent developments, including corruption scandals, have led to a prominence of party regulation frameworks by law.

Since 2003, European parties are governed both by EU law and by the law of the Member States where their seat is located. In practice, all but two parties are located in Brussels, meaning European parties mostly follow European and Belgian law.

Most European parties seem to support the creation of an entirely European legal status for themselves, and national parties have not shown a particular interest in the question, meaning that this point does not seem to constitute an obstacle for the strengthening of the European party system.

#### *Campaigns and elections*

Member States also present wide differences in their degree of campaign organisation and professionalism — including campaign propaganda, rallies, debates, canvassing, etc. — as well as diverging voting systems — from first-past-the-post, to single-transferable vote, to mixed-member systems.

The introduction of a pan-European constituency to elect a number of MEPs would encourage

European parties to run electoral campaigns as independent actors. While this is supported by the leadership of the main parties, there is reluctance from the rank-and-file, indicating a resistance by national parties to actively campaign for transnational lists and to see European parties do so independently. This is already why European parties currently only get engaged in European campaign events if and when asked by national parties.

As a result, national political parties — unless constrained to do so — are likely to oppose the organisation of a real European campaigns and strive to continue monopolising the national campaign space, even for European elections.

#### *Cohesion of party members*

Regarding parties' policies, a normative argument states that only homogeneous political groups can pursue a coherent political agenda. If groups, and their European parties, prove overly divided, they will not succeed in developing a consistent policy and in supporting it in Parliament, and will fail to deliver what was promised during the previous elections. The ideological coherence of the political groups and parties is therefore of crucial importance for the efficiency of the European party system.

Given that European parties are, first and foremost, "parties of parties", an important factor is their internal cohesion, meaning the policy distance between the national member parties.

Studies of European parties' manifestos reveal that the European policy space is characterised by two lines of cleavage: the traditional, "left v. right" policy axis and an EU integration, "pro v. anti-European" dimension.

As expected, the EPP and Socialists occupy, respectively, the centre-right and centre-left parts of the political spectrum. However, they both prove more cohesive on their support for EU integration than on their left-right policy stance.

This phenomenon is even more pronounced for ALDE, which sits at the centre, but has double the variation on the left-right policy axis than on EU integration dimension, reflecting the very loose policy cohesion of liberal parties.

All three parties occupy a defined space on the policy axis but, despite claims to the contrary, are virtually indistinguishable based on their members' support for European integration.

Detailed work by the [EU Profiler](#), an initiative of the European University Institute analysing the policy positions of political parties, shows that the national member parties of the PES and EGP form the most coherent groups, while members of the ECR and of the former Europe of Freedom and Democracy party are the least coherent.

It also reveals that parties from former communist countries, while having specific priorities (such as foreign and economic policies) do not constitute a separate sub-group. As a result, the expansion of the EU to the East, in particular in 2004, has not had a major impact on the composition of the European party system and no loss of European party cohesion was noted as a result. This is also an encouraging sign for the integration of Western Balkan countries.

Therefore, despite the variety of national parties and their precise policy positioning, studies show a sufficient level of coherence in Parliament: for core groups, national parties of the same group are close enough in their policies, and groups themselves have enough differences to be identifiable and distinguished.

Overall, the foundations for a coherent European party system are clearly present, which is encouraging for the development of a European democracy and will continue to grow in importance as the prerogatives of the European Parliament expand.

#### *Evolutions of party structures*

Whether parties develop inside or outside of Parliament, their central organisation (the party apparatus) is a result, and not a cause, of these processes. Likewise, true pan-European parties can either develop as a result of societal demands or out of interest by MEPs seeking an autonomous structure to interact with European civil society.

Therefore, the future shape of European parties is likely to reflect a compromise between the propositions presented by national parties, which might lead to strong oppositions.

As we have seen, national experience shows that modes of organisation, strategy and forms of competition derive from national political settings and legal frameworks. As a result, parties' structures and habits converge nationally, with two German parties of different ideologies looking more alike than two socialist parties from different countries.

This means that a transformation of national parties into a single European party will not be made easy simply by virtue of their common ideology; there will be obstacles deriving from diverging structures and habits.

On the other hand, many parties across Europe have been following similar long-term trends, including the cartelisation of parties, their distancing from traditional party roots, elite domination, and a presidentialisation of politics. By creating a distance between parties, on the one hand, and with citizens and popular forms of engagement, on the other, these trends have also made parties more flexible — meaning they can more easily adapt to changing regulations, whether national or European.

Although it has put parties from different countries on different paths, the process of national convergence can also give us some insights and may be mimicked at the European level. Left to themselves, national parties are unlikely to jump onto a process of Europeanisation; given the right political and legal incentives, however, they can form the basis of a pan-European party system.

In particular, political parties have shown their ability to conform to requirements in order to gain office and obtain supplementary funding. As a result, based on experience, we can safely assume that a well-designed system of incentives — from control of the executive to a strong financing regime — is likely to strengthen transnational party-building and support the creation of a strengthened European party system.

Finally, because of the Europeanisation of politics — especially for topics including climate change, a tax on the GAFAs and multinationals, or migration — and increases in party communication across borders, there now seem to be fewer practical

obstacles barring the creation of true pan-European parties and a pan-European party system. Some major changes, such as a legal and secure link between European elections and the choice of the EU executive, will still require treaty change, but there is plenty that can be accomplished under the framework of the

Treaty of Lisbon.

Let us now turn to the current Regulation on European parties, in order to understand its provisions, and identify key principles and concrete areas for reform.

# UNDERSTANDING THE REGULATION ON EUROPEAN PARTIES

The presence of a legal framework regulating political parties is usually considered a measure to enhance the quality of the democratic system.

Predictably, the codification of political parties across Europe has followed the national trajectories and been linked to widely differing democratisation processes. No matter the form of the regulation, however, the legal and funding frameworks affect the nature of political parties and their place in society, moving them away from private gatherings of citizens and closer to semi-public entities with an official role in the institutions of democracy.

Across Europe, at least 18 Member States have passed a regulation on political parties, 20 have regulations on the financing of parties, and 23 have mentioned political parties in their constitution.<sup>7</sup>

At the European level, as we have seen, the process was gradual, starting with the explicit mention of European parties in the treaties and reaching a breaking point in 2003, with the adoption of the first statute on European parties, later repeatedly amended.

Regulation 1141/2014 on European parties (as amended in 2019)<sup>8</sup> is therefore the key document regulating the status of European parties. Understanding it is a prerequisite in order to

propose sound reform proposals.

This chapter will therefore review the main provisions of this Regulation and present an example of regulation reform. From this, we will derive principles for improvements, and assess the position of key stakeholders.

## Overview of the Regulation on European political parties

The current version of the legislation is:

- Regulation 1141/2014 of 22 October 2014 on the Statute and Funding of European Political Parties and European Political Foundations

amended by:

- Regulation 2018/673 of 3 May 2018
- Regulation 2019/493 of 25 March 2019

## Chapter I: General Provisions

<sup>7</sup> Party regulation and party funding are often two sides of the same coin. Party regulation focuses on provisions for party registration, internal organisation and democracy, political and electoral programmes, and the termination of party activities. Party funding focuses on the presence and modalities of direct and indirect public funding, private funding, and expenditures, as well as related monitoring and sanctions regimes.

<sup>8</sup> Regulation (EU, EURATOM) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the Statute and Funding of European Political Parties and European Political Foundations, amended by Regulation (EU, EURATOM) 2018/673 of the European Parliament and of the Council of 3 May 2018 and by Regulation (EU, EURATOM) 2019/493 of the European Parliament and of the Council of 25 March 2019. <https://eur-lex.europa.eu/legal-content/EN/TX/?uri=CELEX:02014R1141-20190327>

**Article 1** limits itself to declaring the Regulation's goal to lay down the conditions governing the statute and funding of European political parties and foundations.

**Article 2** defines the main terms used in the Regulation. In particular:

- Political parties are defined as association of citizens pursuing political objectives and recognised by at least one Member State.
- Political alliances are structured cooperation between political parties and/or citizens.
- European political parties are political alliances with political objectives registered with the APPF.
- European political foundations are entities formally affiliated with a European Political Party, registered with the APPF, and supporting their European Political Party by contributing to debate, organising events, promoting democracy, and serving as a framework for national-level political foundations.

The Regulation goes on to define the meaning of 'regional parliament' and 'assembly', 'donation', 'contribution from members' and other similar terms used in the Regulation.

## Chapter II: Statute for European Political Parties and European Political Foundations

**Article 3** lists the conditions for political alliances to apply for recognition as a European political party or European political foundation with the APPF.

The political alliance:

- Must have its seat in a Member State;
- Must, in at least a quarter of Member States, have MEPs, MPs or MRPs, or received more than 3% of the votes cast at the most recent EP election;
- Cannot have Members that are part of another European party;
- Must observe the values of Article 2 TEU;

- Must have participated in EP elections or expressed the willingness to participate in next EP elections (applicable to the alliance's members); and
- Cannot be for profit.

**Articles 4 and 5** regulate the governance of European parties and foundations. They list the information that statutes must necessarily contain, including name, logo, address, non-profit statement, main bodies, internal procedures, and provisions on membership and members' rights.

Statutes must comply with the national law of the Member State where the European party's seat is located. These Member States may impose additional requirements, if not inconsistent with the Regulation.

**Article 6** creates the Authority for European Political Parties and European Political Foundations (later referred to as "the Authority"), in order to register, control and impose sanctions on European parties and foundations.

The Authority has its own legal personality, is independent, and functions in compliance with the Regulation. It is empowered to register and deregister European political parties and foundations, and to continuously verify the validity of their status.

The Director of the Authority is appointed for a 5-year, non-renewable term by the European Parliament, European Council and European Commission together, upon proposal by the Secretaries-General of these institutions, following an open call for candidacies. The Director cannot be an elected official, nor can he be a current or former employee of a European political party or foundation.

The APPF is located within the European Parliament and its staff is under its own authority only. Its funding lies under a separate Title in the Section for the European Parliament of the EU's general budget. It reports annually to the European Parliament, the Council and the Commission.

The legality of the decisions of the Authority is reviewed by the Court of Justice of the European Union.



**Article 7** indicates that the Authority's Register of European political parties and foundations will be accessible online, and lists the information requested for publication.

**Article 8** details the application process for registration (European political foundations apply through their party of affiliation), and lists the information requested for applications.

**Article 9** focuses on the examination of the application by the APPF. The APPF is required to publish its decision within one month of the receipt of a complete application (four months in case of consultation with the Member State where the applicant has its seat). Whether positive or negative, the decision is published in the Official Journal of the European Union.

Registered European parties are required to update their list of member parties every year. Changes that might affect a European party's registration requirements must be communicated within four weeks.

**Article 10** details the procedure for the verification of compliance with registration requirements. The APPF must regularly verify that European parties and foundations meet registration requirements. The European Parliament may request a verification of compliance with the EU's values. Should the APPF have doubts about such compliance, it must warn the three main institutions so that they may lodge a request for verification. These procedures cannot be launched less than two months before EP elections.

Ultimately, the APPF decides on de-registration; its decision is then communicated to the European Parliament and Council, who have three months to lodge an objection based only on compliance criteria. De-registration enters into force three months after its publication in the OJEU.

**Article 11** creates a six-man-strong committee of independent eminent persons, with each of the three main institution nominating two members. The committee's mandate lasts for 5 years and is not renewable. Its task is to provide, upon request from the APPF, an opinion on possible breaches of EU values.

## Chapter III: Legal Status of European Political Parties and European Political Foundations

**Articles 12 and 13** give European political parties and foundations European legal personality, as well as legal recognition in all EU Member States.

**Article 14** lists the sources of applicable law. The Regulation applies first and foremost. For matters not dealt with under the Regulation, the law of the State where the entity has its seat applies. For matters not dealt with elsewhere, the entity's Statute applies. For activities carried out in a Member State, that State's law applies.

**Article 15 and 16** detail the acquisition and termination of European legal personality. The registered entity gains European legal personality upon publication of its registration in the OJEU; if it previously held legal personality at the national level, its new personality is considered a successor, maintaining pre-existing rights and obligations. Likewise, if an entity gains national legal personality upon loss of its European legal personality, it is considered a successor of the European entity and maintains pre-existing rights and obligations.

A loss of European legal personality enters into force three months after the publication in the OJEU of an entity's removal from the Register. Removal can come from an entity's own request, a failure to comply with the requirements for registration, or failure to fulfil national obligations.

A Member State where a European party has its seat may address a request for de-registration, should that party fail to fulfil relevant national legal provisions. A Member State where a European party carries out activities may address a request for re-registration should these activities breach EU values.

## Chapter IV: Funding Provisions

**Article 17** describes funding provisions. If a European political party is registered and has at least one MEP in the European Parliament, it may apply for funding from the EU's general budget, following a call for contributions. The

same applies to European political foundations. MEPs can only be members of a single European party, which shall be (where applicable) the one that their national party is a member of.

Financial contributions from the EU's budget shall not exceed 90% of the annual reimbursable expenditure indicated in the budget of a European political party, and 95% for eligible costs incurred by European political foundations.

European parties can use any unused part of the EU's contribution awarded to cover reimbursable expenditure within the financial year following its award; amounts unused after that are recovered.

Reimbursable expenditure includes administrative expenditure, and expenditure linked to technical assistance, meetings, research, cross-border events, studies, information and publications, and campaigns.

**Article 18** presents the application process. European parties must include evidence that they comply with reporting and auditing requirements and that their member parties have published on their own website the political programme and logo of their European party for 12 months before the application for funding.

**Article 19** presents the way EU funding is distributed to European parties. Funds are distributed on an annual basis. Of the total amount made available from the EU's budget, 10% is equally distributed among all registered European parties, regardless of their size. The remaining 90% is distributed in proportion to each party's share of MEPs. The same applies for political foundations.

**Article 20** regulates private income. European parties and foundations can receive donations from natural or legal persons of up to €18,000 per year and per donor. This ceiling does not apply to MEPs, MPs and MRPs.

When submitting their annual financial statements, European parties and foundations are requested to transmit the names of donors and the nature and value of individual donations.

Donations made within six months of an EP elections must be reported on a weekly basis, and single donations of more than €12,000

that have been accepted must be immediately reported.

European parties and foundations cannot accept anonymous donations, donations from the budget of political groups, from public authorities of Member States or third countries (or a related entity), from private entities based in third countries, and from individuals not entitled to vote in European elections.

Donations not permitted must be returned or, where not possible, reported to the APPF and turned over to the European Parliament.

Contributions from members are permitted, but are not allowed to exceed 40% of the annual budget of the European party.

**Article 21** deals with the financing of European elections. European parties are allowed to finance campaigns to the European Parliament in which they or their members participate. However, rules and limitations on funding remain governed by national law.

**Article 22** sets out prohibitions on funding. European parties are barred from using their resources for the direct or indirect funding of other political parties, and, in particular, of national parties or candidates. Likewise, European foundations are expressly limited to their stated purposes and cannot fund political campaigns, parties or candidates. Neither European parties nor foundations can finance referendum campaigns.

## Chapter V: Control and Sanctions

**Article 23** lists obligations relating to accounts, reporting and audit. Six months following the end of a financial year, registered entities shall provide their financial statements (covering revenue expenditure, assets and liabilities at the beginning and end of the financial year), an external audit report, and the list of donors and their donations. This include joint expenditure with national counterparts.

**Article 24** presents general rules on the control of registered entities by the APPF, the EP, and the Member State where the entity is registered. Entities are required to comply with information

requests from the Authority, the European Parliament, the Court of Auditors, OLAF or Member States for the purpose of controls under the Regulation.

**Article 25** focuses on controls relating to EU funding. Funding appropriations are determined under the annual budgetary procedure and are implemented according to this Regulation and the Financial Regulation. Conditions are laid out in the call for contributions and call for proposals. The Court of Auditors exercises its audit powers and OLAF may carry out investigations, checks and inspections.

**Article 26** provides for technical support by the European Parliament against payment.

**Article 27 and 27a** detail the sanction regime for entities and natural persons. Entities may be fined, barred from EU funding, or removed from the Register.

An entity may be removed if convicted of illegal activities detrimental to the financial interests of the Union, if it no longer fulfils one or more of the registration conditions, if incorrect or misleading information led to its registration, or if a request for deregistration by a Member State is accepted.

Financial sanctions can be imposed for a wide number of reasons, including failure to report or update information, failure to disclose donors and donations, reports of false or misleading information, acceptance of illegal donations or contributions, and in case of illegal activities. Repeated infringements carry the threat of exclusion from EU public funding for up to ten years.

In case of non-quantifiable infringements, financial sanctions are a percentage of the party's annual budget, starting at 5% and increasing with concurrent and repeated infringements, up to 50% in case of illegal activities. For quantifiable infringements, financial sanctions are a percentage of the irregular sums received or not reported, ranging from 100% to 300% of the sums in question, but only up to 10% of the party's annual budget.

Sanctions are subject to a limitation period of five years. In certain cases, individuals may also be held responsible for infringements for the

purposes of recovery.

**Article 28** provides for cooperation between the APPF, EP and Member States (via national contact points); they share information and keep each other informed. The EP is required to inform the APPF of any findings that might give rise to sanctions, while the APPF informs the EP of decisions on sanctions.

**Article 29** lists corrective measures and principles of good administration. In case of clerical and mathematical errors, registered entities are given the opportunity to provide corrections, usually under a month.

**Article 30** provides for recovery measures following the removal of an entity from the Register, including the termination of agreements on EU funding and the recovery of unduly paid amounts.

## Chapter VI: Final Provisions

**Article 31**, on the provision of information to citizens, allows European parties, in the context of European elections, to inform citizens of the affiliations between national political parties and candidates and themselves.

**Article 32** details transparency measures. A dedicated website is to list specific information about registered parties and foundations, including their name, statute, members, MEPs, annual reports, annual financial statements. Donations above €3,000 shall be listed with the name of the donor; donations between €1,500 and €3,000 shall similarly be published, provided the donor has given written consent. Contributions by members are published as an aggregate with the names of contributors.

**Article 33** allows for the protection of personal data, in particular in accordance with Regulation (EC) No 45/2001, Directive 95/46/EC and national provisions for data protection, under the monitoring of the European Data Protection Supervisor.

**Article 34 and 35** give applicants, registered entities, and certain individuals a right to be heard for decisions that may adversely affect them and a right of appeal before the CJEU.

**Article 36 and 37** give the power to adopt delegated acts to the European Commission which shall be assisted by a committee.

**Article 38** regards the evaluation of the Regulation. By 31 December 2021, and every five years after that, the EP is to report on the application of the Regulation and indicate, where applicable, possible amendments to be made. The Commission will then have six months to provide its own report, with a focus on small parties and foundations; it may be accompanied by legislative proposals.

**Article 39, 40, 40a and 41** provide respectively for the application, repeal, transition provisions, and entry into force of the Regulation.

Annexed is the standard declaration to be filled in by applicants.

## Work of the APPF

For its activities, the APPF receives direct support from the European Parliament, including for staff, language services, training, building costs, IT, missions and other administrative expenditure. In order to “ensure [its] full and independent operation”, the APPF also receives appropriations, including for professional trainings, purchase of software and hardware, acquisition of expertise and advice, legal costs and damages, documentation and outreach activities, as well as other administrative costs.

For the year 2019, the APPF's draft budget included €1,266,000 in direct support from the European Parliament, and €280,000 in appropriations, for a total of €1,546,000.<sup>9</sup>

For the year 2020, the APPF's draft budget included €1,254,200 in direct support from the European Parliament and €285,000 in appropriations, for a total of €1,539,200.<sup>10</sup>

<sup>9</sup> [http://www.epgencms.europarl.europa.eu/cmsdata/upload/37493e0a-fab0-469d-97e2-0bb5363b762f/Draft\\_budgetary\\_plan\\_2019.pdf](http://www.epgencms.europarl.europa.eu/cmsdata/upload/37493e0a-fab0-469d-97e2-0bb5363b762f/Draft_budgetary_plan_2019.pdf)

<sup>10</sup> [http://www.epgencms.europarl.europa.eu/cmsdata/upload/ae3c2263-fbfe-4402-a9d5-b432a1dfd1c8/Draft\\_budgetary\\_plan\\_2020.pdf](http://www.epgencms.europarl.europa.eu/cmsdata/upload/ae3c2263-fbfe-4402-a9d5-b432a1dfd1c8/Draft_budgetary_plan_2020.pdf)

<sup>11</sup> <http://www.cnccpf.fr/index.php?art=4>

<sup>12</sup> UK Electoral Commission: "Our Supply Estimate for 2019-20 (HC2183) provides for a net resource requirement of £18.4m" <https://www.electoralcommission.org.uk/sites/default/files/2019-08/EC%20Annual%20Report%20and%20Accounts%202018-19.pdf>

<sup>13</sup> The more recent Regulation 2019/493 was a more modest reform aiming at ensuring sufficient levels of data protection in relation to European parties.

This is to be contrasted, for instance, with the €7.6 million of the French *Commission nationale des comptes de campagne et des financements politiques* (CNCCPF)<sup>11</sup> or the draft budget of £18.4m for the UK Electoral Commission for the year 2019-2020.<sup>12</sup>

Contacted for the purpose of this report, the Director of the APPF indicated that the Authority is "not equipped to actively interact and engage in-depth in discussions with researchers, academia or think tanks/consultancies." He turned down a proposal to answer questions about the APPF's operations.

## A Reform Example: the 2018 Revision

As we have seen, the current Regulation on European political parties is the result of an iterative process of amendments and revisions. Before proposing yet another reform of this legislation, it is worth taking a closer look at the process followed for one of the more consequential recent reforms, which led to the adoption of Regulation 2018/673.<sup>13</sup>

This process was a short endeavour. Following discussions in 2016, a European Parliament Resolution of June 2017 called for the revision of Regulation 1141/2014. In July, a debate was organised between AFCO and the European Commission, which proposed a targeted draft by September. In March 2018, a trilogue agreement was reached and the regulation entered into force in May.

## Prior situation

By June 2017, the status of European parties is set out in Regulation 1141/2014, which aimed at



boosting the profile, recognition, effectiveness, transparency and accountability of European political parties.

Following registration, European parties with at least one MEP can apply for funding from the EU's general budget. In order to ensure co-financing, financial contributions or grants from the EU budget can cover up to 85 % of a party's overall eligible expenditure. The remaining 15% must come from own resources, including membership fees and donations.

Appropriations from the EU budget are split, with 15% given equally to all European parties regardless of size and 85% split proportionally to each party's share of MEPs.

## Parliament position

In April 2016, the EPP, PES and ALDE — the Parliament's three largest parties — wrote a joint letter to the European Commission to ask for revisions to the Regulation. In July, the EP's Secretary General presented the Bureau with a report on the funding of European parties and foundations, which was shared with AFCO and the Commission.

In January 2017 and following committee discussions, AFCO's Danuta Hübner used a parliamentary question to invite the Commission to address a number of issues and consider presenting a new legislative proposal. As a follow-up, the Parliament held a plenary debate in March where the Commission confirmed its willingness to engage with the Parliament and the Council.

The main concerns highlighted by Members of the European Parliament included the ratio for co-financing, the possibility for MEPs to belong to several parties, the number of MEPs required to access funding, the impossibility to finance referendum campaigns, the introduction of a financial capacity criterion, tighter control over European political parties' respect for the values of the EU, and the building of financial reserves for political parties. On 15 June, an EP Resolution "encourage[d] the Commission to take a closer look at all the shortcomings [of Regulation 1141/2014] and to propose a revision

of the Regulation as soon as possible."

## Commission Proposal

At his State of the Union address of September 2017, European Commission Jean-Claude Juncker announced a proposal with targeted amendments:

- Individuals will no longer sponsor the registration of European parties, which is reserved for national parties. This is to avoid sponsoring the registration of more than one party by members of the same national party.
- EU funding will cover up to 90% of overall eligible expenditure for European parties and 95% for political foundations, up from the current 85%. This is to ease difficulties in meeting the current co-financing threshold.
- The portion of EU funding distributed equally to all European parties will decrease to 5%, from the current 15%. This is to better reflect the result of European elections.
- European parties will be required to report on the publishing of their logo and programme as well as on information regarding gender balance on their member parties' websites as a condition for EU funding.
- The APPF will be empowered to enforce the rules on de-registration more effectively and the Commission extends the scope of possible measures to recover funds wrongly paid.

## Advisory Bodies, National Parliaments, and Stakeholders

In its opinion of December 2017, the European Economic and Social Committee (EESC) supported the Commission's proposal and suggested changes regarding the publication of

parties' programmes and information about the diversity of candidates on electoral lists.<sup>14</sup>

A week later, the European Court of Auditors (ECA) also welcomed the Commission's proposal but emphasised that rules on donations and loans should be strengthened, while the maximum ceiling for fines should be removed.<sup>15</sup>

No national parliaments who responded expressed disapproval with the Commission's proposal.<sup>16</sup>

The Commission held meetings with representatives of European political parties, political groups, MEPs, the European Parliament, the APPF, and national experts. Stakeholders indicated that more shortcomings ought to be addressed, but, recognising them as less urgent, supported the proposal.

## Legislative Process

AFCO's Rainer Wieland (EPP) and Mercedes Bresso (S&D) were appointed rapporteurs and submitted a draft report in October 2017. AFCO approved their report in November and decided to enter into negotiations.

Meanwhile, the Council's Working Party on General Affairs considered the Commission's proposal five times between September 2017 and February 2018, when Coreper II agreed on the Council's position and decided to enter into negotiations with Parliament.

Both proposals proved close and an agreement was found after a single trilogue meeting in late February. Coreper II and AFCO approved the document in March. Parliament adopted the text at first reading at its April plenary session (561 in favour, 89 against, and 36 abstentions) and the Council approved it in late April. It entered into force on 4 May 2018.

The main changes introduced by the Regulation are:

- Only political parties (and no longer individuals) can be considered when calculating the representation requirements

14 <http://data.consilium.europa.eu/doc/document/ST-15919-2017-INIT/en/pdf>

15 [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CONSIL:ST\\_16004\\_2017\\_INIT&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CONSIL:ST_16004_2017_INIT&from=EN)

16 <https://secure.ipex.eu/IPEXI-WEB/dossier/document/COM20170481.do>

for forming a European political party. Furthermore, its member parties cannot be members of another European political party.

- European parties and foundations can respectively receive 90% and 95% of their reimbursable expenditure from EU funding.
- Funds distributed equally to all eligible European parties are lowered from 15 to 10%.
- European parties are required to report on the publishing of their logo and programme on their member parties' websites as a condition for EU funding.
- The APPF shall remove a European party or foundation from the register if it no longer fulfils the conditions for registration, or if the information on the basis of which the registration decision was taken is incorrect or misleading. In the event of an infringement, the Authorising Officer of the European Parliament will terminate the contribution or grant agreement, and recover amounts unduly paid from EU budget.

This deeper review of the current Regulation on European parties and its reforms allows us to better understand the current situation and status of European parties. Based on this understanding, we will now make clear the principles that will infuse our proposals, as well as the positions of key stakeholders.

## Principles for improvement

As expected, this document — and, therefore, the recommendations that will be made — is not devoid of ideology. It rests upon the conviction that democracy is beneficial to securing our liberties and ensuring the welfare of all citizens.

Based on this assumption, it considers that, in order to promote democracy in a political system, democracy cannot be limited to some levels of political actions, and must instead be promoted and strengthened at all levels. In our case, this means that securing the liberties and ensuring the welfare of all European citizens requires the

strengthening of our European democracy, in addition to democracy at the national level.

While it may be consistent with the pursuit of democracy to prevent the emergence of the most extremes political factions, history so far shows that political systems that suppress political parties veer towards tyranny. With appropriate limits, we must therefore consider the creation of a strong and pluralistic European political party system as one of the core requirements for the creation of a stable and lasting European democracy.

The direct participation of citizens in political life is proving easier with new technologies, allowing a more participative political system. However, an overabundance of direct democracy is likely to favour the more radical elements of our society, and representative democracy with strong and open parties at its core should be our primary focus.

Luckily, representative democracy is not a new idea, and the past two centuries provide a host of examples of good and bad practices in a wide number of countries and political systems. There is therefore no need to reinvent the wheel, and we must instead look to good practices, whilst keeping in mind the current disaffection of citizens for political parties. Our search for examples must be geared to political systems that have, in their own ways, met some of the following criteria.

### **We need a stable system of political parties.**

This refers to a dynamic balance between durability and openness. Ensuring that parties endure over time provides a sound frame of reference for citizens. Conversely, instability in the political system prevents needed continuity and consistency in policy-making and representation. However, the party system must remain open and allow for the emergence of new leaders and new parties. This is as much as a question of political culture as it is of institutional design. New and small parties must be given a fair chance to challenge incumbents, including through appropriate funding mechanisms and limited bureaucratic requirements.

**We need coherent political parties.** The European political system is what scholars call

a multi-level political system, where different levels of institutions share competencies and work together and against each other. However political parties interact at these levels — whether we find the same or different parties at various levels —, the system must allow citizens to understand what policies they support when voting for candidates or supporting parties.

Only homogeneous political parties are able to pursue a coherent political agenda. If parties are too internally divided, they will fail to deliver what they promised to the European electorate. A genuine European party system must therefore be composed of parties that are ideologically coherent and cohesive within themselves, where groups are distinguishable from each other.

**We need parties that can communicate directly to European citizens.** Beyond the coherence of parties, we need citizens to be aware of political parties' positions and proposals. Without sufficient knowledge of parties, abstention and dissatisfaction will rise, decreasing parties' incentive to speak widely to the electorate and strengthening parties with a small but vocal and mobilised base.

On the one hand, measures taken to achieve these goals must be grounded in reality. First of all, **we must acknowledge the existence of national parties** and the strong attachment that European citizens have for them. We cannot wish them away and should not try and force them out of existence. It will prove more constructive to work with national parties and give them the proper incentives to achieve our goal.

Secondly, **we must account for the human factor.** Political systems and party systems are social and human constructs; they are made of people and supported by people. Any reform must pass a "common sense" threshold in order to ensure that it will be, at least, understood and supported by people who support its underlying ideological goal.

It is useful here to refer to a counter-example. A 2014 reform proposal written by members of the European University Institute postulated, soundly enough, that a more varied party system led to a better representation of citizens' interests. In theory, the more parties a political system has, the easier it is for citizens to find a

party that specifically matches their values and opinions. Drawing from this fair assumption, they proposed allowing European citizens to vote in European elections for national parties of other Member States. With 274 national parties running for elections in 2009, they opined, this would allow citizens to find the party closest to their position; an online tool would use a questionnaire to match citizens with a national party somewhere in the EU and they would only need to trust that tool and vote accordingly.

While grounded in a seemingly sensible premise, this proposal entirely fails to account for the human factor and for people's need to know and understand their representatives and feel close to them. It seems absurd that citizens attached to their national parties of reference would suddenly trust an online system telling them to vote for a party and candidates they have never heard of, simply because they matched with a higher percentage. This example highlights the absurdity of proposals that draw on theoretical principles with no concern for human behaviour.

On the other hand, these measures cannot limit themselves to the political system as it is. **Only a bold reform will challenge the status quo and lead the way to a true European democracy.** These changes may take time, and they must be given sufficient time if necessary, but the current functioning of European parties falls far short of democratic expectations, and we must start reforming this system immediately.

This will include a progressive but clear centralisation process of political authority within the European party system. As we have indicated, the structure of political parties reflects the power distribution of the political system as a whole. Consequently, if we wish for a truly democratic and efficient party system, a long-term view requires treaty change in order to provide the EU with strong and stable federal institutions. The proposed reforms of this report, however, do not require treaty change.

Finally, **we must be able to construct a strong narrative around these reform proposals.** We must clearly and fairly identify who stands to win and who stands to lose as a consequence of them, and structure our message accordingly. Overall, we must focus on the "why" of these proposals and make sure that stakeholders look



beyond their own interest, and keep an eye on the prize: a strong European democracy for the benefit of all European citizens.

## Counting ourselves

Finally, before examining detailed reform proposals, and given the principles for reform explained above, it is essential to clarify where the various stakeholders are likely to stand on the issue of reforming European political parties in the direction that we intend.

Behavioural studies lead to two main grounds for supporting or opposing a given proposal: values and interest.

Our proposal seeks to empower European political parties as a way to strengthen European democracy. Some stakeholders will agree wholeheartedly with the value of European democracy and approve of empowering European parties as a way to reach it. Other stakeholders might share our values, yet oppose this particular way of proceeding — considering it either unhelpful or downright unwanted. Finally, some will oppose the very idea of strengthening European democracy.

Separately from a value-based reasoning, stakeholders are likely to look at their own interest and how it squares with the proposed reform. Where values and interest diverge, some will place their values ahead of their interest (and may therefore oppose a reform in principle, despite gains for themselves), while others will place their interests ahead of their values (and may therefore approve of a reform which benefits them, despite not agreeing with the underlying goal). Finally, some may seek a trade-off between their values and interest, depending on the content of the proposal.

### Value-based assessment

*European political parties, European political groups and National Parties*

Out of the current ten political parties, six are openly in favour of European integration and

periodically issue calls for the strengthening of European integration: ALDE, the EPP, PES, EDP, EFA and EGP. Three parties are openly critical of any further attempt at European integration: the EPCM, ECR and ID. The PEL has remained more divided on the issue, at the same time supporting democratic European integration and referring to integration as a tool of the capitalist class.

These positions are mirrored in the European Parliament's groups, whereby the EPP, S&D, Renew Europe and Greens/EFA support continued European integration, ID and the ECR usually oppose it, and GUE/NGL has a more complex position.

National parties, in theory, should be rather aligned with their ideological claims concerning EU integration, and more or less reflect the positions of their European party of affiliation. However, this is not quite expected to be the case in practice, given their interests.

#### *European Commission*

A draft Regulation must first be introduced by the European Commission. In the current Commission, four voices are of particular interest: that of Věra Jourová, Vice-President for Values and Transparency, of Dubravka Šuica, Vice-President for Democracy and Demography, of Maroš Šefčovič, Vice-President for Interinstitutional Relations and Foresight, and, of course, of Ursula von der Leyen, President of the Commission.

- *Věra Jourová, Vice-President for Values and Transparency*

In her mission letter of September 2019, Commissioner Jourová was tasked, among others, "to work with Europeans and the other EU institutions to strengthen our democratic systems and to make them more open and transparent." This includes "[brokering] discussions between the European Parliament and the Council on improving the lead candidate system and on the issue of transnational lists", "[amending] the electoral law", "[representing] the Commission in the Conference on the Future of Europe", and "[coming] forward with proposals by summer 2020 at the latest."<sup>17</sup>

Jourová is also tasked with “[coordinating] the work on a European Democracy Action Plan [which] should include legislative proposals to ensure [...] clearer rules on the financing of European political parties.”

Finally, Jourová was designated chair of the Commissioners’ Group on a New Push for European Democracy, which is to play an active role in the Conference on the Future of Europe.

During her hearing at the European Parliament, Commissioner Jourová clear stated her intent “to improve the way European democracy works, including the way we appoint and select EU leaders.”<sup>18</sup>

In theory, Commissioner Jourová should welcome proposals aimed at strengthening European democracy and, among other options, support an extended role for European parties, including a reform of their funding regime.

- [Dubravka Šuica](#), Vice-President for Democracy and Demography

Commissioner Šuica's mission letter underlines a “loss of faith in our democracy on the part of some people” and states that “beyond voting in elections, there is a need to improve participation in our democracy. We need to ensure that people can make their voice heard and are listened to.”

In her hearing, Šuica emphasised that “European democracy is far more than voting only once in five years” and that “European citizens have to know whom they are voting for, and I think the power of European political parties will be [very important]. European political parties will have their say then — more than they do at this moment.”<sup>19</sup>

Despite a more limited portfolio, Commissioner Šuica will also be involved in the promotion of democracy, including at the European level, and it is possible that her more limited attributions may be leveraged to encourage her to seize

herself of the reform of European parties.<sup>20</sup>

- [Maroš Šefčovič](#), Vice-President for Interinstitutional Relations and Foresight

Commissioner Šefčovič is slightly more removed from the topic at hand, but his position as mediator with the various institutions means he also has a role to play.

In his mission letter, Šefčovič is responsible for “[strengthening] the Commission’s special partnership with the European Parliament” and “[ensuring] that [legislative proposals] respect the principles of proportionality and subsidiarity”. These actions are part of a broader goal to “strengthen the links between people and the institutions that serve them.”<sup>21</sup>

Šefčovič is also designated to represent the Commission in the General Affairs Council, which would discuss an amendment to the Regulation on European parties, and in discussions on cross-cutting issues in the Parliament.

During his hearing, Šefčovič indicated he is “convinced that we need more, not less, Europe, and a stronger European Parliament”, adding that “Article 10 of the Treaty on the European Union says that our functioning shall be founded on representative democracy, and this is ever more important.”<sup>22</sup>

- [Ursula von der Leyen](#), President of the Commission

Finally, Ursula von der Leyen has gone on record supporting European federalism. In 2011, she told *Der Spiegel* that her “aim is the United States of Europe – modelled on federal states like Switzerland, Germany and the U.S.” and doubled down on these remarks in 2016 for *Die Zeit*.<sup>23</sup>

In light of her nomination as Commission President-designate, however, von der Leyen indicated that she “no longer advocate[d] for the European Union to become a federal state”,

18 <https://www.europarl.europa.eu/resources/library/media/20191008RES63701/20191008RES63701.pdf>

19 <https://www.europarl.europa.eu/resources/library/media/20191004RES63432/20191004RES63432.pdf>

20 [https://ec.europa.eu/commissioners/sites/comm-cwt2019/files/commissioner\\_mission\\_letters/mission-letter-dubravka-suica\\_en.pdf](https://ec.europa.eu/commissioners/sites/comm-cwt2019/files/commissioner_mission_letters/mission-letter-dubravka-suica_en.pdf)

21 [https://ec.europa.eu/commission/commissioners/sites/comm-cwt2019/files/commissioner\\_mission\\_letters/mission-letter-maros-sefcovic-2019\\_en.pdf](https://ec.europa.eu/commission/commissioners/sites/comm-cwt2019/files/commissioner_mission_letters/mission-letter-maros-sefcovic-2019_en.pdf)

22 <https://www.europarl.europa.eu/resources/library/media/20191001RES63062/20191001RES63062.pdf>

23 <https://www.thenewfederalist.eu/ursula-von-der-leyen-a-nomination-that-weakens-europe?lang=fr>

saying "in the European Union, there is unity in diversity. That's different from federalism."<sup>24</sup>

Von der Leyen has also openly and repeatedly advocated for the European Parliament's right of legislative initiative, claiming in front of MEPs that "when this House, acting by majority of its Members, adopts Resolutions requesting the Commission to submit legislative proposals, I commit to responding with a legislative act in full respect of the proportionality, subsidiarity, and better law-making principles."<sup>25</sup>

Knowing the political context in which von der Leyen's recent comments on European federalism were delivered, we must remain careful before taking them at face value. At any rate, one can expect a clear inclination in favour of a strengthened European representative democracy, especially one close to a German institutional model. Her support of the EP's right of legislative initiative should, in theory, lead to a Commission proposal rather close to provisions endorsed by the European Parliament.

Of course, all statements quoted above should be recalled in any document presenting a reform proposal on European parties, in order to make it clear that the Commission has committed itself to strengthening European democracy, to ensuring the true involvement of citizens beyond voting in European elections, and to reinforcing the EU's system of parliamentary democracy.

#### *European Council and Council of the European Union*

In the Council of the European Union, the discussion of a draft proposal will start with the Working Party on General Affairs, then move on to Coreper II, before reaching the Council's General Affairs configuration. It will therefore involve political advisors, Permanent Representatives and ministers. As a result, the Council's position is harder to assess.

Overall, even though its members may belong to the same European political families, they very much remain members of national executives and, ideologically and out of interest, are tied to their national party of allegiance.

Given the hierarchical link between ministers

and their Head of State or Government, it is probably more enlightening to keep an eye on the political affiliation of European Council members — keeping in mind that, as Heads of States or Governments, they retain a considerable amount of latitude, especially for issues that may not make the headlines and sway public opinion.

## Interest-based assessment

By definition, interest-based assessments are harder to identify, as political stakeholders will rarely admit to taking positions out of self-interest, but instead spin them with a value-based narrative. Therefore, we cannot merely rely on public declarations.

Instead, we must understand what drives the interests of political actors; these fall into two categories. The first one is 'power', understood as the ability, through one's independent actions, to "do and make do". This notion covers the power to act (and act independently), influence, coerce, refuse, etc.

The second category is 'resources', meaning what will allow stakeholders to exercise the power they wield. First and foremost, this refers to money. However, human capital is another important aspect, for instance political parties' direct ascendancy over their members and activists.

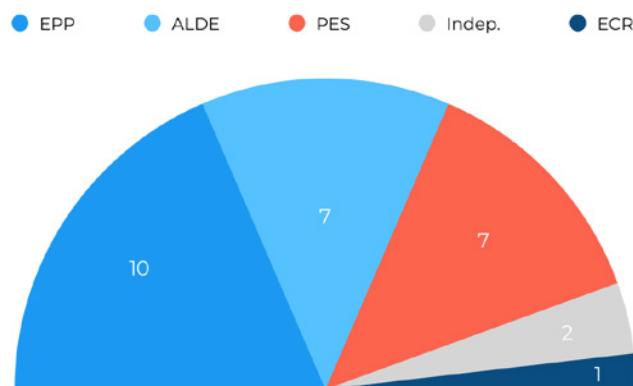
#### *European political parties, European political groups and National Parties*

In institutional terms, European political parties are the direct beneficiaries of the proposed reform. Therefore, unless ideologically oriented to the contrary, there will have a strong incentive to support this reform proposal, as it aims to provide them with a greater role in the European political system and potentially more funding. The stricter transparency requirements and stronger sanctions should not be deterrents for the upside European parties would benefit from. However, the value-based component remains strong and eurosceptic parties can be expected to vote against their own interest.

The position of European political groups is more

24 <https://www.politico.eu/article/ursula-von-der-leyen-rows-back-on-united-states-of-europe/>  
25 [https://ec.europa.eu/commission/presscorner/detail/en/speech\\_19\\_4230](https://ec.europa.eu/commission/presscorner/detail/en/speech_19_4230)

Member State	Council Member	National Party	European Party
Austria	Sebastian Kurz	ÖVP	EPP
Belgium	Sophie Wilmès	Reformist Movement	ALDE
Bulgaria	Boyko Borissov	GERB	EPP
Croatia	Andrej Plenković	Croatian Democratic Union	EPP
Cyprus	Nicos Anastasiades	Democratic Rally	EPP
Czech Republic	Andrej Babiš	ANO 2011	ALDE
Denmark	Mette Frederiksen	Social Democrats	PES
Ireland	Leo Varadkar	Fine Gael	EPP
Estonia	Jüri Ratas	Centre Party	ALDE
Finland	Sanna Marin	Social Democratic Party	PES
France	Emmanuel Macron	La République En Marche	ALDE Ally
Germany	Angela Merkel	Christian Democratic Union	EPP
Greece	Kyriakos Mitsotakis	New Democracy	EPP
Hungary	Viktor Orbán	Fidesz	EPP
Italy	Giuseppe Conte	-	-
Latvia	Krišjānis Kariņš	Unity	EPP
Luxembourg	Xavier Bettel	Democratic Party	ALDE
Lithuania	Gitanas Nausėda	[right leaning independent]	-
Malta	Robert Abela	Labour Party	PES
Netherlands	Mark Rutte	VVD	ALDE
Poland	Mateusz Morawiecki	Law and Justice	ECR
Portugal	António Costa	Socialist Party	PES
Romania	Klaus Werner Iohannis	National Liberal Party	EPP
Slovakia	Peter Pellegrini	Direction – Social Democracy	PES
Slovenia	Marjan Šarec	List of Marjan Šarec	ALDE
Spain	Pedro Sánchez	PSOE	PES
Sweden	Stefan Löfven	Social Democratic Party	PES



Composition of the European Council

nuanced. On the one hand, political groups form, along with European parties, one of the pillars of the European party system. As a consequence, increased power for European parties may either not affect political groups, or even decrease their relative power and independence. On the other hand, studies have shown that once in Parliament, MEPs' first loyalty tends to shift

from their national party to their European party. MEPs may therefore consider the reform proposal positively, on the grounds that it would strengthen the European political sphere as a whole. Once again, ideology remains a strong element.

In raw terms of power and resources, national parties are probably among the biggest losers

of this reform. While politics is not, strictly speaking, a zero-sum game, increasing the power and resources of European parties will come at the direct expense of national parties, which currently are the most important players in political affairs at the European level — from policy development, to candidate selection, campaigns organisations, message drafting and delivery, etc.

This role of national parties has a more subtle impact. Especially in the most eurosceptic European parties, but virtually for all of them, national parties are in charge of deciding (or have a particularly important say in deciding) the position of the European party. Therefore, strong opposition from national parties will directly influence the positions of European parties themselves, and the positive approach of European parties, indicated above, refers most of all to European party cadres.

In order to go beyond the opposition of national parties, it will be important to highlight what they stand to gain collectively over what they stand to lose individually. Parties that are already more integrated because they already run on common platforms (such as green parties) or because of their long history and shared social struggles (like socialist parties) are likely to be more receptive to this message.

#### *European Commission*

The European Commission is probably a more neutral actor in terms of interests, as it does not directly stand to benefit or lose from this reform. On the one hand, the President and commissioners almost all belong to political parties, but the Commission itself is not a strongly political organ. The current President was supported in her election by the EPP, PES and Renew Europe groups which gives her action a clear pro-European direction, without indicating how far the Commission would go.

On the other hand, both the President of the Commission and the commissioners, in their respective ways, are nominated by national governments, yet they more often than not act according to the Commission's priorities instead of as agent of their respective governments.

Overall, since this reform would strengthen the

European political sphere, it seems in line with the Commission's own interests, and history shows that the Commission has repeatedly tabled proposals in favour of the reform of political parties, usually in the direction of their strengthening.

#### *European Council and Council of the European Union*

The Council is also not directly affected by this reform. However, unlike the Commission, which operates in the realm of European affairs, members of the European Council and their ministers act at the European level but operate first and foremost at the national level. Their ties to national parties are therefore much stronger than their ties to European parties. This is amplified by the fact that the political come-and-go is usually from the national level to the European level, with career national politicians moving to the European level, but few European politicians (therefore with closer ties to European parties) moving to the national level.

Furthermore, the politicisation of European affairs or the Europeanisation of politics, whilst not directly affecting the distribution of competencies found in the treaties, is likely to come at the expense of the mostly predominant role of national actors. Stronger European parties, and a stronger European political sphere in general, is therefore not in the interest of national stakeholders to keep power at the intergovernmental level.

## Lessons from reforms past

The two perspectives presented above — value-based and interest-based — will impact stakeholders' positions to varying degrees, some placing more emphasis on ideology, others on values. As a result, responses and positions will be different for two MEPs from the same party or for two national parties of the same political family.

However, the history of the reform of European parties is not blank, and it can be illuminating to observe the positions of relevant stakeholders. A useful record is the European Parliament Plenary roll-call vote and the Council's vote on the final regulations in 2003, 2007, 2014, 2018,

and 2019. It should be kept in mind that the limited nature of the 2019 revision — focusing on data protection and privacy — means the text was more consensual and less related to political parties themselves.

The results confirm most of our previous observations:

- ELDR/ALDE, the EPP, the PSE/S&D and the Greens/EFA have strongly supported the adoption of all Regulations. Except for the PSE/S&D, support was noticeably lower for the creation of European parties' statute in 2003 (between 65 and 75%) but has remained almost consistently above 90%.
- Conservative and eurosceptic parties are a bit more of a mixed bag. For instance, the ECR almost unanimously opposed the major 2014 reform of European parties, but 78% approved the 2018 reform. The late UEN was divided in 2003 (with 53% in favour and 33% abstaining), but broadly supported the 2007 reform (83% in favour, 14% against). And the now ID Party unanimously opposed the 2003 statute and 2018 reform, broadly opposed the 2007 and 2019 reforms, and was equally split in 2014.
- GUE/NGL confirms its half-in/half-out stance. With the exception of the limited 2019 reform, the party was split in thirds in 2003, supported the 2007 by two thirds, went back to being entirely divided in 2014 and gave mild support to the 2018 reform (with 57% in favour and 33% against).
- Non-attached members cannot be easily categorised, but, taken together, have usually opposed such reforms, with the "no"s receiving between 64% and 83% of their vote (and the 2019 reform proving more divisive, but still rejected).

It is important to keep in mind what these figures

represent, however. These votes are final votes in plenaries, meaning they have already seen the text diluted in the Commission's proposal (compared to the initial report of MEPs), and then in committees, in plenary and in trilogue.

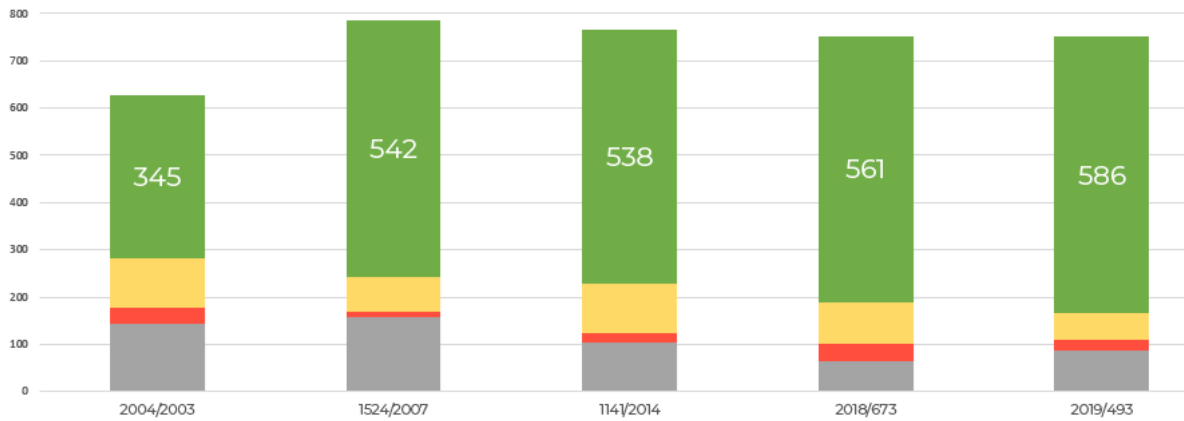
As a result, these levels of support only reflect support for the proposed legislation, and should not be construed necessarily as support for further reform. MEPs or parties voting in favour may have opposed more drastic provisions and probably did oppose more far-reaching changes; a closer analysis of the debate and amendments would be necessary for such inferences.

Likewise, an analysis of the Council's voting pattern is less consequential, given its habit of working by consensus. As such, the Council voted unanimously in favour of the proposed texts in 2007, 2018 and 2019 and only had, respectively, three and two Member States voting against in 2003 and 2014.<sup>26</sup> However, we know that the Council's proposals were usually more conservative than those of the Parliament.

One clear and encouraging conclusion, however, is that ELDR/ALDE, the EPP, PSE/S&D and Greens/EFA have consistently and overwhelmingly voted in favour of strengthening European parties. Therefore, while we cannot deduce their level of support for more reform, there is a clear pattern of progressively reinforcing the role of European political parties and this trend can be expected to continue.

These groups currently control 500 out of the Parliament's 705 seats, which means that, even in the face of absolute opposition from all other groups, an average level of 70% of these four groups would be sufficient to adopt this legislation. Even low support from the EPP could be made up for with sufficiently broad support in the other three parties.

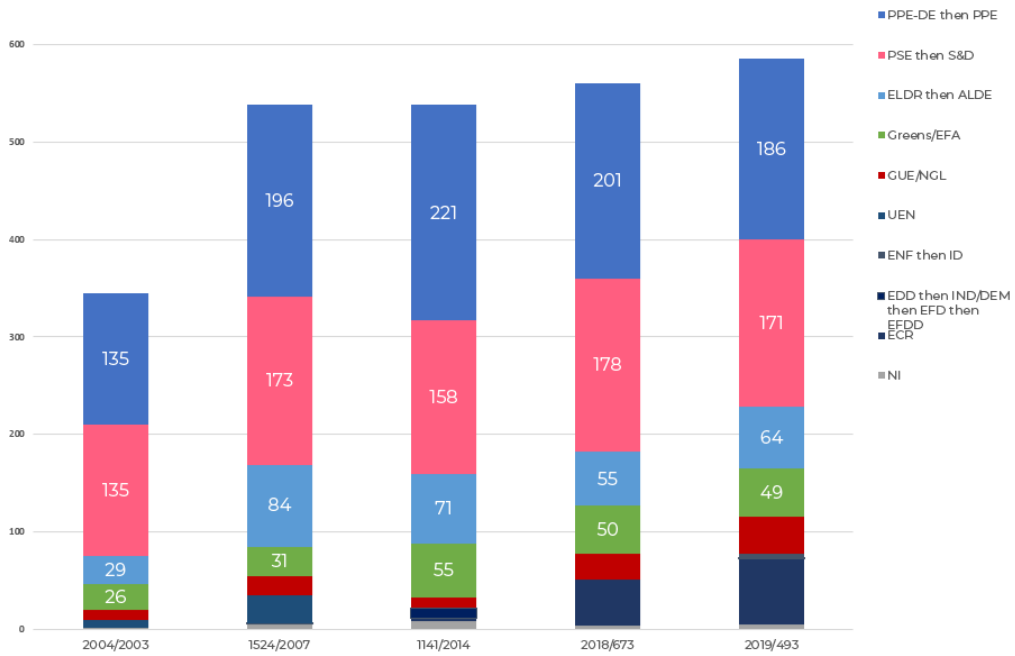
<sup>26</sup> In 2003, Austria, Denmark and Italy voted against the text. <https://data.consilium.europa.eu/doc/document/ST-13031-2003-ADD-1/fr/pdf>. In 2014, the Netherlands and the United Kingdom opposed it, while Belgium abstained. The Netherlands called the proposal an improvement, but opposed the assessment of a parties' programmes (and its conformity with EU values) through the verification and registration process, preferring to leave this up to voters and the judiciary. Belgium abstained, fearing repercussions that European parties' campaigns for European elections could have on the implementation of national laws (including campaign finance laws) for European elections. The United Kingdom opined that measures inciting private funding were insufficient, that European legal personality was superfluous, and that strengthening the role of national parliaments remained the most efficient way to bridge the EU's democratic deficit. <http://register.consilium.europa.eu/pdf/fr/14/st13/st13274-ad01re02.fr14.pdf>



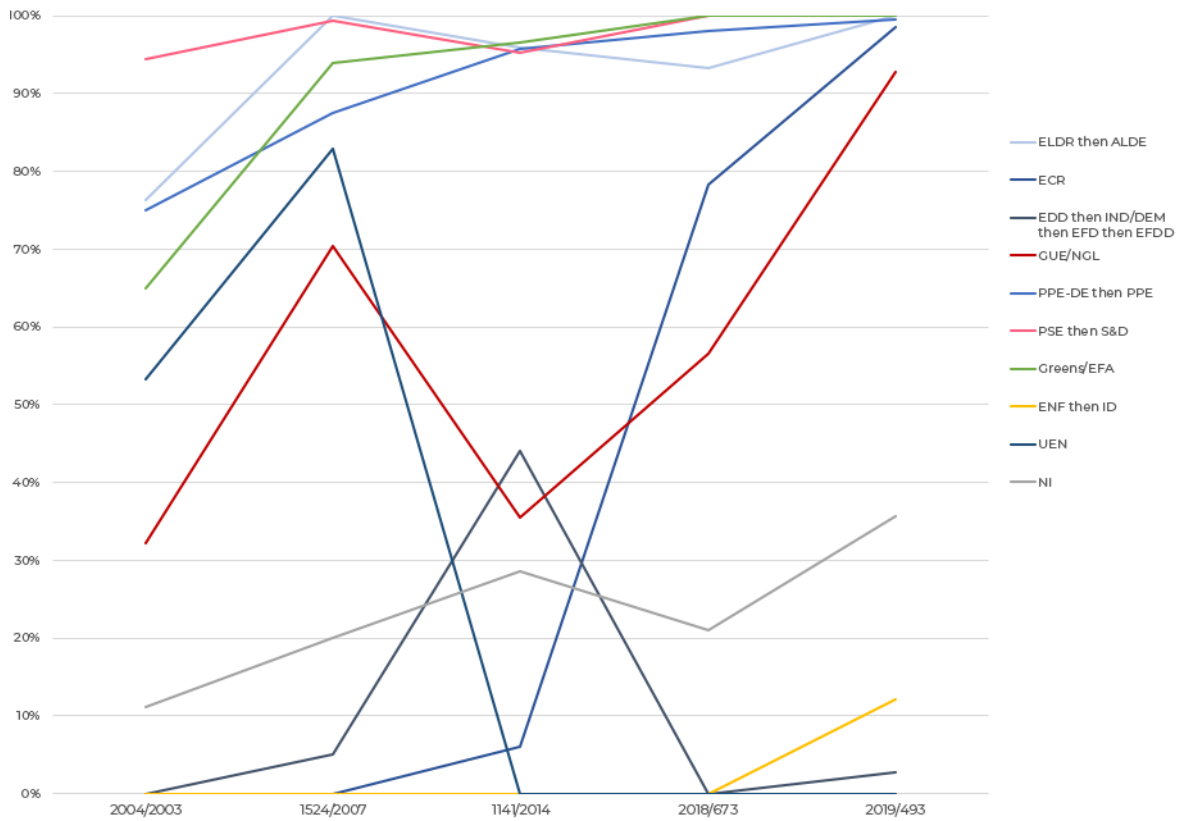
Votes in favour, against, abstained, and not cast

Regulation	2004/2003		1524/2007		1141/2014		2018/673		2019/493		
Adopted	09 March 2004		18 December 2007		22 October 2014		03 May 2018		25 March 2019		
Vote Council	29 September 2003		17 December 2007		29 September 2014		26 April 2018		19 March 2019		
Vote EP Plenary	19 June 2003		29 November 2007		16 April 2014		17 April 2018		12 March 2019		
ELDR then ALDE	+	29	76%	84	100%	71	96%	55	93%	64	100%
	-	8	21%	0	0%	2	3%	2	3%	0	0%
	/	1	3%	0	0%	1	1%	2	3%	0	0%
ECR	+	-	-	-	-	3	6%	47	78%	67	99%
	-	-	-	-	-	46	92%	12	20%	1	1%
	/	-	-	-	-	1	2%	1	2%	0	0%
EDD then IND/DEM then EFD then EFDD	+	0	0%	1	5%	11	44%	0	0%	1	3%
	-	16	100%	16	80%	12	48%	39	100%	22	59%
	/	0	0%	3	15%	2	8%	0	0%	14	38%
GUE/NGL	+	10	32%	19	70%	11	35%	26	57%	39	93%
	-	10	32%	8	30%	11	35%	16	35%	0	0%
	/	11	35%	0	0%	9	29%	4	9%	3	7%
PPE-DE then PPE	+	135	75%	196	88%	221	96%	201	98%	186	99%
	-	37	21%	27	12%	9	4%	0	0%	1	1%
	/	8	4%	1	0%	1	0%	4	2%	0	0%
PSE then S&D	+	135	94%	173	99%	158	95%	178	100%	171	100%
	-	6	4%	1	1%	2	1%	0	0%	0	0%
	/	2	1%	0	0%	6	4%	0	0%	0	0%
Greens/EFA	+	26	65%	31	94%	55	96%	50	100%	49	100%
	-	8	20%	1	3%	2	4%	0	0%	0	0%
	/	6	15%	1	3%	0	0%	0	0%	0	0%
ENF then ID	+	-	-	-	-	-	-	0	0%	4	12%
	-	-	-	-	-	-	-	7	23%	25	76%
	/	-	-	-	-	-	-	23	77%	4	12%
UEN	+	8	53%	29	83%	-	-	-	-	-	-
	-	2	13%	5	14%	-	-	-	-	-	-
	/	5	33%	1	3%	-	-	-	-	-	-
NI	+	2	11%	5	20%	8	29%	4	21%	5	36%
	-	15	83%	16	64%	20	71%	13	68%	6	43%
	/	1	6%	4	16%	0	0%	2	11%	3	21%
Total voting	+	345	72%	542	86%	538	81%	561	82%	586	88%
	-	102	21%	75	12%	104	16%	89	13%	55	8%
	/	34	7%	10	2%	20	3%	36	5%	24	4%
Total EP	=	481	77%	627	80%	662	86%	686	91%	665	89%
N.C		145	23%	158	20%	104	14%	65	9%	86	11%
Tot		626		785		766		751		751	
Council	+	12	80%	27	100%	25	89%	28	100%	28	100%
	-	3	20%	0	0%	2	7%	0	0%	0	0%
	/	0	0%	0	0%	1	4%	0	0%	0	0%
	=	15		27		28		28		28	

Vote results for the various regulations



Distribution of votes in favour per parliamentary group



Percentage of support per parliamentary group





Jo Leinen  
Former PES MEP  
Rapporteur in 2004 and 2007



Marietta Giannakou  
Former EPP MEP  
Rapporteur in 2014



Mercedes Bresso  
Former PES MEP  
Rapporteur in 2018 and 2019

## Current indications

Among all the stakeholders concerned, European parties themselves will be the first affected by any reform of their statute. It is therefore essential to take stock of their positions ahead of any discussion.

For this purpose, a questionnaire was circulated to leaders of European parties in order to assess their views. Responses were received from the EPP, PES, ALDE, EGP, and PEL, as well as from non-registered parties such as the Pirate Party and Volt. Nationalist parties declined to provide feedback for this report.

Given their unique positions and particular knowledge of the topic, the questionnaire was also circulated to the various rapporteurs of the Regulation on European parties: Jo Leinen (PES), rapporteur in 2003 and 2007; Marietta Giannakou (EPP), rapporteur in 2014; and Mercedes Bresso (PES), rapporteur in 2018 and 2019. Care must be taken

in reading their answers, as any discussion of reforming the Regulation on European parties may be construed, to some degree, as criticism of their accomplishments as rapporteurs.

Overall, Jo Leinen and Mercedes Bresso are often in line and support, to a large degree, further strengthening of European parties. By contrast, Marietta Giannakou is largely reserved over reforming the statute on European parties and seems to favour a nation-centric view of European parties, relying on cooperation rather than harmonisation.

### Registration

With the exception of the EPP and ALDE, there is a consensus that registration criteria ought to be loosened up, as the current requirements tend to stifle grassroots engagement. ALDE simply indicates not to be concerned, since they are already registered. The PEL also notes an issue with the requirement to respect “the values on which the Union is founded”, which it fears may be read in a restrictive manner, including precluding changes to the Union; it proposes instead to require “adherence to democracy”, which is a more common requirement.

Non-registered parties, more affected by the criteria for registration, are vocal in their support of changing the criterion on legislative representation in favour of a number of signatures or number of party members, per Member State if required.

All parties express support for a further widening of the EU’s political spectrum, by adding newcomers, as a way to increase political representation.

### Link with national parties

Parties’ positions differ widely on this point, but with parties usually indicating the strength of their connection to their national parties and their smooth interactions.

Rapporteurs bring a different view. Marietta Giannakou strongly defends the EPP’s “highest degree of coherence” and close ties between the European and national levels, while Jo Leinen claims that reality is not as rosy: links are weak at best, and European and national parties live in two different worlds. According to him, there are contacts, but little else, and these do not extend to parties on the ground or to coordinated campaigns.

### Reform of the Statute of European parties

European parties indicate a broad support for a statute that would not be linked to the Member State where the European party has its seat, in order to ensure a truly European statute. The PES also underlines the unfairness of the current system, whereby political parties and foundations, unlike European institutions, transfer a notable share of their income — mostly money from the EU’s budget — to the Belgian

government in the form of taxes.

Positions are more contrasted when it comes to stronger measures of harmonisation: smaller parties are strongly in favour (and both Volt and the Pirate party already operate with a very harmonised structure), while the EPP opposes them. The PES supports them but acknowledges a likely opposition from member parties. As for the rapporteurs, Marietta Giannakou defends national parties' prerogatives and favours cooperation over harmonisation, while Mercedes Bresso supports a harmonisation of parties' names across Europe or, at the very least, European electoral campaigns carried out under the name of the European parties.

Parties are likewise split on the issue of democratising the selection of European parties' leaders; rapporteurs support such a measure.

Overall, rapporteurs defend the current framework, with Jo Leinen stressing that more must be done to already enforce the statute's transparency provisions, as well as other existing measures, such as mentioning European parties on ballots for European elections. While supporting their prerogatives, Marietta Giannakou identifies rigid internal party structures and the inertia of historic parties as the main obstacles for the further Europeanisation of parties.

#### *Funding*

Unsurprisingly, all parties, along with Jo Leinen, underline the importance of public funding and there is a general agreement on the idea of increasing the amounts available. Non-registered parties deplore the strict registration criteria that prevent them from accessing any form of EU public funding and call for a relaxation of these criteria. Benefiting from public funding, the PEL states that the distribution mechanism fails to ensure a level playing field between parties and leads to major parties taking home most of the funding (which is supported by evidence).

The PES indicates relying exclusively on public funds and membership fees; the absence of donations is as much an ideological position as the acknowledgement that small donations are rare in any case and would require substantial investments in time and human resources.

While private donations are essential to smaller parties, they call for an outright ban on donations from legal persons, so as to prevent undue influence from business interests. ALDE indicates an increasing difficulty in raising private funds.

Despite worries of foreign intervention, the PES and Mercedes Bresso call for an authorisation of financial contributions from political parties affiliated to European parties but located outside of the EU, in particular parties from non-EU European countries, such as Norway or the UK.

With the exception of the EPP and ALDE, parties and the two PES rapporteurs support the possibility for cross-financing, between European parties and their affiliated parties, and between affiliated parties themselves. This should apply to European elections and regular political and advocacy activities. ALDE acknowledges the prohibition on financing national parties and does not call for reform.

Finally, rapporteurs all support the allocation of specific funding for the purpose of European elections.

#### *Citizens visibility*

All parties and rapporteurs agree on the paramount importance of ensuring a clear visibility of European parties for European citizens, especially for European elections. With the exception of Marietta Giannakou, who considers that voters already have sufficient information, parties and rapporteurs emphasise the need to provide citizens with more information: the link between national and European parties must be made clearer, especially ahead of elections.

All European parties indicate that their engagement primarily consists in online advertising. In practice, this seems to have had only limited success (with the exception of Volt, which owes the creation of its 400 local chapters to its online presence), but further efforts are hampered by financial constraints and legal limitations. ALDE also attributes its growth to online activism.

Parties identify more media coverage and a reform of the EU's electoral law making the

election more European as potential remedies for this lack of visibility. Likewise, the European Greens and ALDE call on all national parties to clearly identify their European affiliation ahead of elections.

As official numbers confirm, European parties say the emphasis on individual membership currently remains of limited importance, ranging from *non-existent* (Pirate party) to *limited* (for ALDE, PES, EPP, Greens and PEL), to *exclusively* (for Volt, for which all members of national chapters are automatically members of the European structure). Of all registered parties, ALDE has the largest number of individual members. Surprisingly, they report 1,400 individual members, while the EP indicates 4,177 as per information provided by European parties. Individual members can elect representatives who will have voting power in ALDE councils and congresses.

However, the issue of individual membership itself is considered important by all, except the PEL. Likewise, those who support it, including ALDE, are open to the idea of automatic double-membership between national and European levels.

The PES states its support for individual membership, but is foregoing the issue in the face of resistance from treasurers of member parties fearful of losing their membership fees.

Rapporteurs Leinen and Bresso support automatic double-membership, as well as increased direct links between national and European parties, including through more information provided directly to voters.

#### *European elections*

Positions are less clear on the reform of European elections, which indirectly impacts European parties. The EPP, PES, EGP and Volt openly support the Spitzenkandidat system, while the PEL and Pirate party do not have clear positions. Despite claiming support for the Spitzenkandidat system, ALDE instead chose to elect a 7-person team for the 2019 elections. All three rapporteurs support the Spitzenkandidat system.

More generally, all parties support a reform of

European elections, first and foremost with a greater role for European parties. However, with the exception of Volt, parties struggle to present concrete proposals beyond the call for a uniform system. Mercedes Bresso and Jo Leinen directly support a harmonisation of election modalities, while Marietta Giannakou favours national prerogatives and exchanges of best practices.

Currently, European parties only indicate very limited involvement at the national level, in line with the prohibition on financial support for national parties and candidates. They are open to getting, or actively seek to get, more involved, including with a broader definition of the "support" European parties are allowed to bring to their national members. Smaller parties, less likely to have a strong national presence in all Member States, clearly support the possibility of cross-financing, so as to support weaker national chapters.

Finally, Mercedes Bresso supports more activities organised on the ground by European parties (with a clear focus on European issues, for Jo Leinen), while Marietta Giannakou fears this "would raise unnecessary criticism and scepticism."

Armed with this knowledge on the values, interest and positions of stakeholders, let us now consider recommendations to improve European parties.



# IMPROVING EUROPEAN POLITICAL PARTIES

The sections above have allowed us to better understand the role of political parties in representative democracies, as well as the degree to which European parties are failing to fill this role in our European political system. We have seen that this weakness of political parties is detrimental to the quality of our European political sphere and prevents us from truly representing European citizens — representing, instead, groups of national citizens.

We have also reviewed the current legal provisions governing European political parties in EU legislation. From this, we derived principles for reform: the need for a stable and open party system, for coherent parties that communicate directly with citizens, and for bold reform proposals that account both for national parties and citizens' perspectives. We further reviewed the values and interests of the main institutional stakeholders — where they stood and are likely to stand on reform proposals.

Based on this information, we can now proceed with the drafting of concrete reform proposals.<sup>27</sup>

Sound proposals must usually blend carrots and sticks — and preferably more carrots than sticks.

Since changing the structure of the European party system will have direct consequences for national parties which currently control the party system, it is important that the most salient part of this reform effort be on carrots, on *incentives*. European parties must be *encouraged* to centralise, and given proper rewards for doing so. These incentives must come together with clear conditions, and appropriate, proportional and enforceable sanctions.

We must remember that, in practice, carrots and sticks should not be tied together. Given the inertia of party organisations, which rarely seek out change unless given strong incentives to do so, if parties are allowed to refuse the carrots in order not to suffer the stick, they are likely to do so. Therefore, we must make sure that the reward is *sufficient and optional*, while the constraint is *dissuasive and compulsory*.

However, while carrots and sticks are necessary to guide national parties on the way to a more European system, there remains one element missing. No matter how big the carrot, or how heavy the stick, the donkey will not move an inch if there is no path for him to walk on.

In the case of European parties, there are currently a number of actions they are forbidden from doing, for instance supporting national parties and candidates. In order to move towards a more European party system, we need to create a path for European parties to walk on, which means removing roadblocks for their actions and enabling their engagement at a wider level than is currently allowed.

Similarly to the section on the functioning of European parties, we group these 35 recommendations in six clusters: the registration of new parties, party structure and operations, the financing of European parties, the role of European parties in electoral and referendum campaigns, strengthening the visibility of European parties for citizens, and the sanctions regime of European parties.

<sup>27</sup> Provisions from the Regulation on European parties included below may seem redundant; they seek to ensure these recommendations may be read and understood independently of the previous chapters.

In these sections, we will take a look at other relevant countries.

## WHAT HAPPENS ELSEWHERE?

# ORGANISATION OF THE PARTY SYSTEM

### UNITED STATES

The US operates a “mostly two-party” system (Republican v. Democrat), where the main parties have won all presidential elections and controlled Congress since the mid-19<sup>th</sup> century. Minor parties exist but have only achieved very limited success; none currently sit in the federal Congress. This is due to the country’s “winner-takes-all” voting system, lack of public funding, high cost of elections, and supplementary hurdles for small parties. For instance, while the two main parties are automatically on the ballot, minor parties must spend resources to collect signatures from registered voters. And while primaries, conventions and races of the main parties may be publicly-funded, a minor party is eligible only if its candidate reached 5% in the prior presidential election.

The broad strokes of electoral provisions are found in the Constitution, while specific provisions (including on primaries, voter eligibility, electoral college nomination, local elections, etc.) are left to State laws.

As a result, political parties are very loosely organised and the main parties have no national standing body controlling membership, activities

or policy positions. By and large, and while a party committee may endorse a candidate, any citizen may enter a race for partisan office, with no requirement to show commitment to the party’s ideas. Political parties end up as “big tent” parties with no fixed ideology, each party encompassing conservative and liberal wings; on specific issues, conservative Democrats may have more in common with conservative Republicans than with liberal Democrats.

At the federal level, parties use “national committees” to support fund-raising and campaigning; committees are usually filled with State-level representatives. Other committees focus on electing candidates at specific levels of government. At the State level, parties exist separately in each State and conform to State laws, in addition to party rules.

Despite these clear organisational separations, campaigns are portrayed and perceived as national and ideologically coherent, and not mostly State-based.

### AUSTRALIA

Australia also operates a “mostly two-party” system (Liberal v. Labor), albeit with slightly greater success for minor parties (such as the Australian Greens, the Centre Alliance and small nationalist or single-issue parties) compared to the U.S.. Five parties sit in the lower house, but the Liberal coalition and Labor gather 96% of

MPs. Unlike in the U.S., internal party discipline is tight.

The federal Electoral Act defines parties both at the federal and state levels. State branches of federal parties register as such at the federal level, ensuring a more unified structure than in the United States.

## CANADA

Canada also operates a “mostly two-party” system (Conservative v. Liberal) with as many as 22 parties registered with Elections Canada. Five parties enjoy parliamentary representation in the lower house, with the main parties gathering 82% of MPs.

Federal political parties are only loosely connected with their provincial counterpart, despite bearing similar names and positions. A notable exception is the New Democratic Party, which has a consolidated structure and shared membership.

At the local level, “ridings” form the basic electoral unit; “riding associations” are the main point of contact for members. Major parties strive to have a riding association in each constituency across the country. Members locally elect their riding association's executive, responsible for local party activities, as well as delegates to regional and national party policy conventions and candidates for local campaigns.

## AUSTRIA

Austria operates a multi-party system: of the country's 1,168 officially registered parties, including regional parties, five have a representation in the lower house, and four in the upper house. The two largest parties control just over 60% of the lower house.

The Political Parties Act applies country-wide, but only provides a general framework; specific implementation measures are devolved to Austria's nine Länder.

## GERMANY

Germany operates a multi-party system: six parties have representation in the Bundestag and its two largest parties, currently in a coalition, control just over 56% of representatives.

Germany's political parties are tightly run organisations and are responsible for electoral campaigns and finance, candidate selection, and the management of members, including membership fees. By contrast with systems like the U.S., candidates and representatives are not central figures in the party system.

Political parties register at the federal level and are required to have a regional or local structure, which aims at ensuring the participation of individual citizens. By law, these regional and local branches of federal parties bear the name of their political party and indicate their affiliation. Conversely, federal-level parties are required to ensure adequate financial compensation for their regional branches.

## AND IN THE EUROPEAN UNION?

With seven political groups (the largest two of which gathering just over 47% of MEPs), the European Union operates a multi-party system closer to Austria and Germany. However, the strict distinction between national-level and European-level political parties, along with the prohibition on direct or indirect funding of

national parties by European parties, entrenches a system far more decentralised than in any other multi-level political system. It is the only party system where lower-level parties, and not individual citizens, are the key players of the highest-level parties.

## Registration of new parties

Rules on party registration exist in a majority of Member States, especially as a prerequisite to accessing public funding. In general, requirements are very limited and include a formal recognition of the legal entity, a pledge to respect democratic principles, and a number of sponsors in the form of signatures from citizens, party members, or, sometimes, elected officials. Parties may be required to submit specific information, for instance about their leading party office-holders.

Applicable rules for European parties are found in [Article 3](#) of the Regulation. Applicants must be “political alliances” — meaning a ‘structured cooperation’ between national political parties and/or citizens — and must have their seat in a Member State. They are required to observe the values of the EU and to have participated in EU elections (or to intend to do so).

A key requirement states that:

- their member political parties must be represented by, in at least one quarter of the Member States, members of the European Parliament, of national parliaments, of regional parliaments or of regional assemblies; or
- the applicant or its member political parties must have received, in at least one quarter of the Member States, at least 3% of the votes cast in each of those Member States at the most recent elections to the European Parliament.

### Our Goal:

Through the reform of the EU’s party registration criteria, [democratise the structure of European parties](#) and bring it closer to that of national political parties.

## Recommendation 1.1: Turn European parties into associations of citizens

One of the key elements to strengthen European parties and turn them into “real” political parties akin to the ones of other multi-level political systems is to get over their structure as “parties of parties” and finally turn them into associations of citizens.

In the case of the EU, this means three main changes:

- The requirement in Article 3.1 that applicants to the status of European party be “political alliances” of national political parties and/or citizens must be amended. While national political parties may be *affiliated* to a European party, the only *members* of European parties ought to be individual citizens. Applicants should therefore only be required to be a group of citizens, in addition to the other registration criteria. This also requires changes to the definitions given in Article 2 of the Regulation.
- The condition in Article 3.1(b) § 1, on the representation of member parties in a number of Member States, should not apply to “member parties” but to citizens. In order to be citizen-centric, the statute of European parties must impose conditions on individual members; we propose to keep this condition (under an amended form, as indicated in Recommendation 1.3) but to apply it to individual members and not affiliated parties.
- The condition in Article 3.1(b) § 2, on receiving a share of the vote cast in a number of Member States, should be removed entirely. In order to build European parties around citizens, they should not be required to have already received a share of the vote in European elections; citizens should be allowed to come together and create a European party as they do at the national level.



## Recommendation 1.2: Lower the Member State requirement

The aim of the creation of a true European party system is to allow and promote the creation of large Europe-wide parties representing the interest and values of European citizens regardless of their national citizenship. This is similar to the goal of national parties in traditional multi-level political systems.

However, national parties, registered at the national level, may choose for their own reasons to focus their representation on a limited geographical section of the population. This is mainly the case for regional or regionalist parties which act on the national political scene in order to represent the interests of a geographically-determined section of the population. There is no reason not to allow a similar geographical representation in European politics.

Alternatively, some parties may wish to start with a limited geographical base before expanding across Europe.

We therefore observe a tension between the wish to move past the current nation-centric system of political parties, and the need to allow a regional representation in European politics. In traditional multi-level political system, the presence of such parties is not an impediment to the system; a classic example is the continued presence of the Bavarian-only CSU in Germany, working in a permanent coalition with the CDU.

However, in the specific case of Europe, we must guard against the temptation for national parties to abuse this freedom by registering as a European party while continuing to operate only nationally. This could lead to a break-up of current the European party system, with each national party having an interest to act alone and keep its freedom.

Through registration criteria, the current Regulation requires presence in a quarter of European Member States, a figure that was hotly debated during the adoption of the 2004/2003 Regulation, with European parties asking for a smaller number. In practice, this requirement not only prevents the representation of local interests (such as the emergence of European parties that would choose to focus on Southern Europe or Eastern Europe, as should be their right), but places a needless hurdle for the emergence of new parties starting with a more limited presence.

Therefore, in order to move away from a purely national system whilst maintaining an open political system, the number of Member States where European parties should attest of their presence, in Article 3.1(b), should be set at two. This way, parties will not be able to operate in a single country, while the requirement remains minimal and ensures proper openness.

## Recommendation 1.3: Request party members instead of votes

Linked to the number of Member States in which a European party must be present is the question of *how* parties should attest of their presence. In Recommendation 1.1, we have proposed to apply the "presence" criteria to individuals instead of member parties. In Recommendation 1.2, we have proposed to set the number of Member States at two.

In order to attest of the presence of a group of citizens (or, later, a European party) in a Member State, a given number of members residing in this Member State should be required, as in

Canada and Australia. This number would be based on the Member State's population, and probably given floor and ceiling numbers. Let us keep in mind that this number of members is not aimed at ensuring that the party has a *significant* presence, but merely that it does indeed *have* a presence.

We can, for instance, require applicants to attest a number of members equal to 0,001% of the population, with floor and ceiling values of 50 and 500. An applicant would only need to justify of these minimum number of members,

# WHAT HAPPENS ELSEWHERE? THE REGISTRATION OF PARTIES

## UNITED STATES

Registration is handled separately between the federal and State levels and is tied to electoral activity. Parties must register with the Federal Electoral Commission (FEC) when they raise or spend money over certain thresholds for federal elections. The FEC will determine whether a committee has displayed enough national or State activity to qualify as a national or State party committee. However, if a party is only active in State or local elections, it does not need to register with the FEC.

Local branches of federal parties must register their organisation with the FEC when they raise or spend money over certain thresholds for federal election. Once registered, the local branch becomes a local party committee and is presumed to be affiliated with other local party committees of the same federal party in its State. Affiliated committees share limits on contributions made and received.

## AUSTRALIA

Registration as a federal political party is not compulsory; parties can promote the election of their candidates to Parliament without being registered. Registration is handled by the Australian Electoral Commission (AEC), which maintains a public register of political parties.

Political parties often establish branches or divisions in States and may separately register those branches or divisions. State branches are also defined in the Electoral Act and their registration follows the same process.

In order to register as a political party, an organisation must simply indicate its aim of endorsing candidates for election to the House of Representatives and/or Senate, and have either one MP or 500 members eligible to

vote. In their application, parties must submit a written constitution, indicating the name of the party, its aims, its structure, and certain office bearers, including a Secretary for day-to-day management, a Registered Officer to endorse candidates, and a Party agent for financial disclosure.

The benefits of registration include the presence of the party's name and logo on the ballot, the possibility to register branches, the right to endorse candidates without requiring the signatures of 100 electors per constituency, election funding for candidates who receive at least 4% of the first preference vote, and access to AEC information, such as electronic copies of the electoral roll, and elector and voting information.

## CANADA

Similarly to Australia, Canada defines parties as organisations "whose fundamental purposes

is to participate in public affairs by endorsing one or more of its members as candidates and supporting their election."

In order to register, parties must provide a declaration of their intent to participate in public affairs, information on 250 members supporting the party's application for registration, as well as information on certain position-holders, including the party's leader, auditor, and chief agent. The entire application, including the names of the members, is made public on Elections Canada's website.

The benefits of registration include the presence of the party's name on the ballot, the nomination of election officers, tax credits for contributors,

the right for locally registered branches to receive contributions and cross-fund, the possibility for endorsed candidates to transfer surplus funds to their party (and not return it to the State), a 50% refund of electoral expenses for parties receiving over 2% of the vote nationally or 5% where they endorsed candidates, free broadcasting time during general elections, the right to purchase allocated supplementary broadcasting time, and annually updated lists of electors where they ran in the previous election.

## AUSTRIA

Organisations may be recognised as political parties as long as they keep within the limits of constitutional law. The only condition is to adopt a statute with the Federal Ministry of the Interior;

the Ministry maintains a list containing the name of political parties and the date on which their statute was deposited.

## GERMANY

Germany's Political Parties Act defines parties as "associations of citizens which [...] wish to influence the development of informed political opinion at the federal level or in any of the Länder and to participate in representing the people in the German Bundestag or a Land parliament". Only natural persons may be members of a political party.

Upon registration, parties must submit a statute and party programme. Regional or local branches operate autonomously, unless provided otherwise by the statute of their next-higher branch. Statutes must include, among

others, the party's name, its seat, provisions on joining and leaving the party, rights and duties of members, sanctions, the structure of the party and the composition and powers of the various bodies, and the bodies empowered to submit candidates for elections.

An organisation will not be recognised as a party if its seat is outside of Germany or if a majority of its members are foreigners. Associations will lose their status as a political party if they fail to participate in Bundestag or Landtag elections for six years.

## AND IN THE EUROPEAN UNION?

Among multi-level systems, the European Union is unique in requesting the presence of member parties in a number of sub-national entities

(here, a quarter of EU Member States) as well as a presence in legislatures or a specific result at European elections.

	Population	0.001%	With floor and ceiling
Austria	8,858,775	89	89
Belgium	11,467,923	115	115
Bulgaria	7,000,039	70	70
Croatia	4,076,246	41	50
Cyprus	875,898	9	50
Czech Republic	10,649,800	106	106
Denmark	5,806,081	58	58
Estonia	1,324,820	13	50
Finland	5,517,919	55	55
France	67,028,048	670	500
Germany	83,019,214	830	500
Greece	10,722,287	107	107
Hungary	9,797,561	98	98
Ireland	4,904,226	49	50
Italy	60,359,546	604	500
Latvia	1,919,968	19	50
Lithuania	2,794,184	28	50
Luxembourg	613,894	6	50
Malta	493,559	5	50
Netherlands	17,282,163	173	173
Poland	37,972,812	380	380
Portugal	10,276,617	103	103
Romania	19,401,658	194	194
Slovakia	5,450,421	55	55
Slovenia	2,080,908	21	50
Spain	46,934,632	469	469
Sweden	10,230,185	102	102

Required number of members per Member State to justify of party presence

with a margin of error, in order to attest of its presence in a Member State and, according to Recommendation 1.2, only need to attest presence in two Member States to fulfil the representation criteria for registration.

In conclusion, we propose an overhaul of the structure of European parties. Instead of being “parties of parties”, European parties should finally transition to a regular model of party, with individual members at their core and only minimum representation criteria for eligibility.

To be sure, there is a fear that loosening these criteria might lead to an explosion of parties and make the European Parliament unstable. There are several reasons to reject these arguments:

- Loosening the criteria on the registration of European parties does not affect the Rules of Procedure of the European Parliament, where 25 MEPs are still needed to form a political group and where MEPs have an incentive to come together. We may see political groups composed of more

parties, but this will not affect the work of Parliament.

- The current number of European parties is small. While the number of parties having a representation in Parliament is likewise limited, countries often have a large number of parties which, despite not being present in Parliament, have a role to play in our democratic systems. Increasing this number at the European level is a way to bridge the EU's current democratic deficit.
- Beyond a limited and healthy increase in the number of European parties, there is

no reason to expect an explosion of the number of parties. The rules we propose make it easier for parties to register, but do not create *per se* an incentive for parties to do so. Access to public funding may give an incentive, but may be designed to avoid abuses.

Finally, we should note that opposition to an increase in the number of parties may be tied to the current funding system where parties share a given allocated sum; we propose reforming this funding mechanism (see relevant section below) to remove this disincentive.

## Structure and operations

A majority of countries have specific provisions regarding the internal organisation of political parties, including on the content of party statutes, membership, the rights and duties of members, the composition of internal bodies and their rights, as well as dispute-resolution mechanisms.

Countries may also request the submission of a party's programme at the time of registration and whenever updated. This is intended, first and foremost, to demonstrate parties' adherence to democratic principles, and increasingly to provide public information online.

Finally, there may be legal provisions regarding the termination of party activities, including the loss of party status following lack of parliamentary representation in several consecutive elections or in case of prolonged inactivity.

Applicable rules for European parties are found in [Articles 4 and 12-16](#) of Regulation 1141/2014. European parties must adhere to the values of the EU and their statutes are requested to comply with the national legislation of the Member State in which the party has its seat (provided this is not incompatible with other requirements).

Beyond national requirements, statutes must indicate the name and logo of the party, its legal address, political programme including purpose and objective, a list of member parties,

a statement of its non-profit nature, the name of its affiliated political foundation (if applicable), its main bodies and positions, a description of administration and financial procedures, and the procedure for the dissolution of the party.

In addition, the statute must include provisions on internal party organisation, including modalities for the admission, resignation and exclusion of its members, the rights and duties associated with all types of membership, the powers, responsibilities and composition of its governing bodies, the criteria for the selection of key office-holders and the modalities for their appointment and dismissal, voting procedures and quorum requirements, modalities for transparency (including for book keeping, accounts and donations, privacy and the protection of personal data), and amendment procedures. These are particularly extensive requirements, as far as usual regulations go.

[Articles 12-16](#) deal with the legal status of European political parties and foundations. Article 12 grants legal personality and Article 13 ensures its recognition by Member States.

According to [Article 14](#), European parties are governed by this Regulation and, for all matters not therein regulated, by national provisions; for matters not in this Regulation nor in national law, the party's statute shall apply.

Should the Member State in which the European party is based require it, Article 15 states that the party's application shall be accompanied by a statement issued by that Member State, certifying that the applicant has complied with all relevant national requirements for application, and that its statute is in conformity with the applicable law. Member States may request to be consulted before legal personality is granted.

Article 16 lists the modalities for termination of European legal personality, including a failure to

comply with registration requirements, failure to abide by relevant obligations under national law, or a request of the European party itself. The procedure laid out in Article 10 details the process for verification of registration conditions and requirements.

**Our Goal:**

Through the reform of the EU's party structure criteria, [democratise their functioning](#), [bring them closer to citizens](#), and [streamline the link between national and European political parties](#).

## Recommendation 2.1: Create a European-level status for European parties

On the one hand, European parties currently remain attached to the Member State where their seat is located and are required to follow national law for any and all matters not provided for in the Regulation. On the other, in practice, a majority of European parties have established their seat in Brussels, so as to be closer to European institutions.

This poses problems on the theoretical and practical levels. In theory, subsidiarity dictates that matters be handled at the level at which they are handled best. When it comes to European parties, subsidiarity would require them to fall squarely under European law, and not national law — except for their national branches and concrete events organised in the Member States —, as European institutions already do.

Furthermore, the current situation induces a legal distinction of treatment between European parties located in different Member States. Of course, this distinction results from their own decision in the choice of their seat, but a truly European system would provide European parties with the liberty to decide on the location

of their seat whilst ensuring their legal equality.

In practice, this also gives undue power to Belgium which is the sole decider on legal provisions affecting what are essentially *European* organisations. In several instances, the Regulation asks Member States to "not apply prohibitive conditions", highlighting a direct concern for unwanted situations arising from national legislations applying to European parties. This situation also makes Belgium a disproportionate recipient of EU funds through national taxes paid by European parties located in Brussels.

For these reasons, the legal status of European parties should be detached from the Member State where their seat is located. In practice, this would mean that European parties would all enjoy an equal legal status and, whenever relevant, would respond to European courts. This measure already enjoys broad support among European parties.

Of course, should a new regime be create, a period of transition would be accounted for.

## Recommendation 2.2: Ensure the possibility of individual membership with associated rights

This recommendation relates directly to the argument made for Recommendation 1.1 concerning the importance of European parties to become true parties of European citizens,

instead of "parties of parties". It is also in line with the structure of national parties in other multi-level systems.

Currently, Article 4.2 requires European parties to provide, at the time of registration, "the modalities for the admission, resignation and exclusion of its members" (bullet point a) and "the rights and duties associated with all types of membership and the relevant voting rights" (bullet point b). Implicitly, this allows European parties to have both natural and legal persons as members.

However, this is not a requirement to do so, and, in practice, entrenches the role of national parties as the default members of European parties.

As a result, as of April 2019, only 4,658 citizens were members of the ten European parties combined, including 4,177 for ALDE alone. Four parties had individual membership in the single digits and only two parties had more than 40 individual members.

So as to move away from this structure, we propose amending Article 4.2, as well as the definitions in Article 2, to clearly indicate that the "members" of European parties are natural persons — EU citizens or residents of the EU —, while national parties can be "affiliated".

In order to ensure a simple registration process, a requirement for national political parties to provide the possibility of automatic double membership (meaning granting membership to their European party upon becoming a member of a national party) can be created.

	Individual members
ALDE	4,177
ECPM	39
ECR	10
EDP	3
EFA	9
EGP	7
EPP	13
MENL	1
PEL	385
PES	14

Source: EP, April 2019 (PES: Feb. 2018)

We must remember that, while the Regulation focuses on rights and obligations of European political parties, it already creates obligations on national parties, such as the display of the European party's logo on the national party's website. Sanctions on the European party may be imposed in case of non compliance.

### Recommendation 2.3: Request the election of the top leadership and electoral positions by individual members

As we have seen, Article 4 of the Regulation provides for requirements on European parties for their internal structure, beyond that of respecting national law provisions where they have their seat and of including specific information. However, the Regulation falls short of requiring a given structure or organisational processes, as Germany does.

While hiding the weight of national requirements, this flexibility is welcome and ought to be preserved, as each party should remain able to decide on its own structure and processes.

However, limited requirements may be designed for the purpose of building the European character of European parties.

In particular, as another step to move beyond European parties as "parties of parties", we propose to include in the Regulation the requirement that a European party's top leadership position(s) be elected either by its individual members (if European parties have been reformed to become parties of individual members), or by individual members of the European party *and* of its member parties

# WHAT HAPPENS ELSEWHERE?

## STRUCTURE AND ORGANISATION

### GERMANY

Germany is unique, not only on the presence of precise requirements for parties' structure and organisation, but also for the breadth of these requirements. Below is a summary of relevant sections of the Political Parties Act.

#### **Section 7 Organisational structure [federal, Land, and local levels]**

Parties are organised with regional/local branches, which are to be detailed in the statutes. Subdivisions must ensure members' ability to participate, on an adequate scale, in the policy and decision-making processes. Associations of regional/local branches can be formed and, in the absence of Land branches, provisions for Land branches apply to the next level below.

#### **Section 8 Bodies**

The assembly and the Executive Committee are indispensable bodies of a political party and its regional/local branches. In supra-local branches, the members' assembly may be replaced by a delegates' assembly whose members shall be elected, for a maximum of two years, by the members' or delegates' assemblies of the subordinate branches. Land parties without any regional/local branches may replace the members' assembly by a delegates' assembly provided that they have more than 250 members. The statutes may provide for additional bodies.

#### **Section 9 Members' and delegates' assemblies**

The assembly of members or delegates is the supreme body of the respective regional/local branch. It is called a "party convention" in the case of higher-level branches, and a "general assembly" at the lowest level. Assemblies shall be held at least once every two calendar years.

Members of the Executive Committee and

other bodies may be members of a delegates' assembly, but in this case the number of those who are entitled to vote must not exceed one-fifth of the total number of assembly members as provided under the statutes.

The Assembly decides on party programmes, the statutes, rules on membership dues, rules on arbitration procedures, the party's dissolution and its merger with other parties. It shall elect the chairperson of the regional/local branch, deputies and other members of the Executive Committee and members of any other bodies.

The assembly shall, at least every two years, receive a progress report from the Executive Committee and pass a resolution on it. Before the report is submitted, its financial part is reviewed by auditors elected by the party convention.

#### **Section 10 Members' rights**

The competent bodies of the party shall freely decide on the admission of members. No general refusal to admit new members, even if of limited duration, shall be permissible. Persons who, by judicial decision, have been deprived of their right to stand for election or their right to vote, may not be members of a political party.

Party members and delegates represented on the party's bodies shall have equal voting rights. Voting rights can be made conditional on members having paid their membership dues. A member shall be entitled at any time to end his/her party membership with immediate effect.

The statutes shall contain provisions on permissible sanctions against members, reasons for such sanctions, and the bodies responsible. A member may be expelled from the party only if he/she deliberately violates the party statutes and causes damage to the party.



Decisions on expulsion from the party shall be made by the arbitration tribunal. The right of appeal to a higher arbitration tribunal shall be guaranteed.

#### **Section 11 Executive Committee**

The Executive Committee shall be elected every two years at least. It shall comprise at least three members. If it includes non-elected members, their proportion must not exceed one-fifth of the Executive Committee. The chairperson and the treasurer of a political party may not perform comparable functions in political foundations.

The Executive Committee shall manage the respective party branch and conduct its affairs in accordance with the law and the statutes. A managing executive committee may be formed from the Executive Committee.

#### **Section 12 General party committees**

The members of general party committees and similar institutions entrusted with party policy and organisation may be elected by lower-level regional/local branches. The proportion of non-elected members must not exceed one third of the body's members. Elected members shall hold office for a maximum of two years.

#### **Section 13 Composition of delegates' assemblies**

The composition of a delegates' assembly or of any other body entirely or partly comprising delegates from regional/local branches shall be laid down in the statutes. The number of delegates from a regional/local branch shall primarily be calculated on the basis of the number of members represented.

#### **Section 14 Party arbitration tribunals**

Arbitration tribunals shall be set up at least at the level of the party itself and of the top-level regional branches to settle, and decide

on, disputes between the party or a regional/local branch, on the one hand, and individual members, on the other, as well as disputes over the statutes.

Members of the arbitration tribunals shall be elected for a maximum of four years. They must not be members of the Executive Committee and shall be independent.

Such arbitration tribunals shall be governed by rules on arbitration procedures designed to guarantee litigants a legal hearing, fair proceedings and the possibility to reject any member of the arbitration tribunal for partiality.

#### **Section 15 Decision-making and policy formation within the party's bodies**

The party's bodies shall adopt their resolutions by a simple majority vote.

Elections of the members of the Executive Committee and of the delegates shall be secret.

The right to propose motions shall be designed in such a way as to ensure democratic policy formation and decision-making processes, and, in particular, adequate discussion also of the proposals submitted by minorities.

#### **Section 16 Sanctions against regional/local branches**

Dissolution and exclusion of lower-level regional/local branches or the dismissal from office of entire bodies of these branches shall be permissible only in cases of serious infringement of the party's principles or agreed rules.

The Executive Committee of the party shall obtain endorsement of a sanction from a higher-ranking body. The sanction shall be repealed if such endorsement is not given at the next party convention. Appeal to an arbitration tribunal against sanctions shall be permitted.

through one single Europe-wide election.

Since a European party facing this requirement may choose to willingly limit its own individual membership, it is important to account for the individual members of the party's affiliated parties.

Obviously, depending on the structure of the party, the top leadership position(s) may have different names and different prerogatives; it may also be one or more people. However, it is important to recognise here that the exact position that is voted for is less important than

the process of organising an election that would be common to all individual members across Europe.

A variation could be to require, additionally, the election of a European party's Spitzenkandidat by its individual members (and, if applicable, individual members of its affiliated national parties). In case of a coalition of several European party campaigning together, this could be a joint election.

## Recommendation 2.4: Limiting the number of affiliated parties to one per Member State

One of the goals of the reform of the European party system is to increase the ideological coherence of European parties, which means to bring affiliated, national parties closer together. This is important in order for citizens to better identify who they are actually voting for in European elections.

Since European elections are carried out at the national level, the absence of coherence means that voters of the same European party may actually support candidates and national platforms that diverge substantially from each other and the European party's programme and actions.

Mindful of this, the Regulation on European parties already forbids national parties from being members of more than one European party (Article 3.1 § ba).

Given Europe's long history of national political action, it is likely that national cleavages will remain stronger than in other, more recent multi-level political systems. However, this does not mean that the coherence of parties cannot be improved.

A particularly damaging situation for the proper discernment of voters is the case of several national parties, competing against each other for national and European elections and yet affiliated to the same European party. For

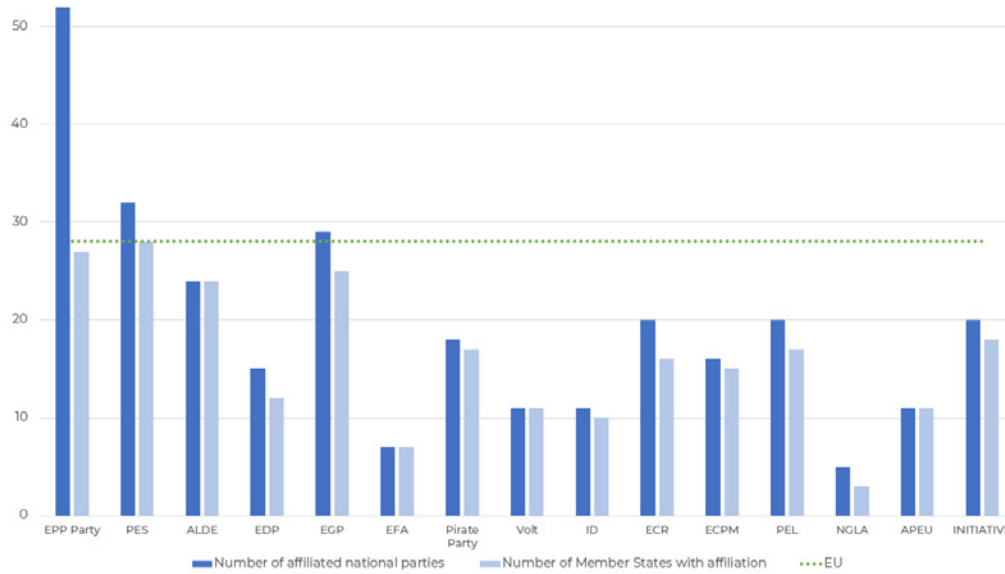
European elections, this illusion of competition despite a common membership is a fraud on voters.

We have already seen that some European parties have four, five, or even six affiliated national parties from the same Member State. And while some of these parties may already be affiliated at the national level, this is not always the case.

With respect for the differences of national parties and the structure of party systems among the Member States, we propose to only allow European parties to be affiliated to a single national party per Member State. An exception can be provided for national parties active in strictly separate constituencies, such as the German CSU and CDU or Belgium's sister parties in Wallonia and Flanders.

While this is sure to create some friction, it is keeping in line with common practices in other multi-level party systems and would contribute to rationalising the EU's extremely wide field of national parties.

To be sure, this would not preclude the possibility of joint campaigns or alliances in the European Parliament, but it would create a clearer and more direct line between the national and European party systems and bolster ideological coherence.



Number of affiliated parties and presence in Member States for European parties and other political alliances

## Recommendation 2.5: Harmonise party names and logos across Europe

We can build further on the previous recommendation’s goal of increasing the coherence of the EU’s party system.

As seen in the discussion on the functions of political parties, structuring the vote is the first task of a political party and is accomplished by creating a label that citizens can refer to and understand. We also saw that European parties are very weak on this dimension, as citizens do not know the positions, or most often even the names, of European parties.

As a way to strengthen the political sphere across Europe, something that MEPs regularly call for, it is important to increase the identification of parties by citizens. This is applicable to European parties — so that citizens may be better able to recognise them and understand their positioning — and to national parties — so that the political discussion may be clearer across borders.

For this purpose, we propose harmonising party names and logos across the EU, whereby all parties affiliated to a common European party will bear the same, or a similar, name.

For reasons of cultural and linguistic differences,

this requirement can remain flexible, so as to permit translations of the name into one of the official languages of the Member State and other small adaptations, such as including the Member State’s name. This is already the case in Germany between the federal and Land levels.

Understandably enough, there will be strong push-back against this proposal, with party members attached to the tradition of their party’s name. This is normal and to be expected. However, we must keep in mind that national parties often change their name and that this proposal remains in the greater interest of increasing the coherence of the European party system across levels of government and of bolstering citizens’ ability to recognise parties and interact with them across borders.

Of course, this process will be made easier should Recommendation 2.4 already be in place, and a time frame should be set in place to progressively set the stage for the change, including through a period of double name, where national parties would combine their name with that of the European party they are affiliated to, in the same way that double currency labelling preceded the introduction of the Euro as a single currency.

## Financing schemes

Funding is among the most crucial elements of a political party's functioning and, together with the acquisition of political power, stands as the most powerful incentive the legislator can leverage in order to bring about a desired behaviour or outcome.

Where political parties are established, beneficiaries of the funding regime will seek to maintain their structure and sources of financing; they are therefore likely to approve funding regimes that support their existing structure and needs.

On the other hand, in political party systems in formation or where non-institutionalised parties play an important role, such as in the EU, studies show that conditions on the obtention and use of public funding will directly influence the behaviour and structure of political parties. Funding schemes can therefore be used to orient party-building processes and lead parties to converge to a desired model.

As we have seen, European political parties, when compared to national parties, have stagnated at an early stage of development. Therefore, not only can a more developed funding scheme help parties grow, but, under the right conditions, it can ensure their growth in a desired direction and support the creation of a more mature European political party system.

Before diving into recommendations, it is important to review the funding mechanisms of political parties in order to understand how these can be used to strengthen European political parties.

### *Party funding in Europe*

Although party funding is as old as political parties themselves, public funding is a more recent phenomenon. Historically, parties have mostly been funded from private sources, relying mostly on party membership fees for mass organisations on the left, and on private donations from individuals and businesses on the right.

The public funding of political parties is a much

more recent trend and started with post-World War II public funding schemes in West Germany, as a way to limit party reliance on private donors. Overall, a first phase of public funding schemes, until 1975, mostly provided funding for parliamentary groups in Western Europe.

Starting in the mid-70s, a second wave saw the creation of schemes in Portugal, Spain, Denmark and France, as well as the progressive extension of funding to extra-parliamentary activities. This extension of party funding to central party organisations also allowed the financing of parties not represented in the legislature.

Finally, a third wave occurred in the 90s, following the fall of communism and the rise of new parties in Central and Eastern Europe, first as a way to legitimise these new party systems, and later as part of an attempt to stifle corruption.

Given the nation-centric nature of party systems in Europe, it would be inappropriate to claim the existence of a "European model" of political party financing, with each country deciding on the modalities and reach of its own system. Likewise, there are no obvious similarities between the funding regimes of Western European or of post-Communist countries.

### *Modalities of funding schemes*

Funding schemes for political parties usually cover four main topics: direct public funding, indirect public funding, constraints on direct and indirect private funding, and constraints on party expenditure.

**Direct public funding** consists in the provision of public funds to support parties' organisational and electoral activities. This may also cover the activities of parliamentary groups. These funds may be earmarked for specific purposes, including elections, communications, regular party activities, or administrative expenses.

The attribution of direct public funds may be on a *parliamentary* basis (meaning in proportion to parties' number of representatives, usually in the lower house), on an *electoral* basis (meaning on each party's share of the vote, sometimes with

conditions, such as a threshold or a minimum number of constituencies to run in), on a party's *number of members*, or on a combination of some of these criteria.

By contrast, *indirect public funding* takes the form of monetary and non-monetary services, and has a broad variety. Non-monetary services include the printing and delivery of electoral propaganda, advertisement spaces and free broadcasting during electoral campaigns, broadcasting and media licences, free or reduced rates for the use of public halls and public places, etc. Monetary services can take the form of incentives — including tax deductibility for parties and donors, tax exemptions, tax credits, etc. — as well as the financing of institutes or foundations affiliated to political parties and supporting their activities.

In order to further limit or control the influence of private actors, financing schemes may impose constraints on the *direct and indirect private funding* of political parties. These constraints usually consist in ceilings or bans on private contributions from natural and legal persons and semi-public organisations, often with an emphasis on foreign or anonymous donations. Regulations may also affect membership fees, fundraising events, online fundraising, profits from party-owned businesses, returns on investment, etc. Transparency obligations often require the disclosure of donors' identity to public administrations or the general public.

Finally, constraints have been placed on *party expenditure*, as part of efforts to create a level playing field and foster a fair political competition. While limits may target all sources of party expenditure, they most often apply specifically to electoral expenditure, both for parties and candidates.

#### *Funding for European parties*

Unlike at the national level, the introduction of a European party funding scheme was not a *reaction* to financing scandals or to weed out corruption, but merely to *create* a system of subsidies to strengthen European parties, as a way to address the EU's democratic deficit.

One of the core reasons for the EU's democratic deficit, and the rise of eurosceptic parties in the

1990s, is the absence of EU-level democratic politics: there is no European public sphere in which European parties entertain a political debate and face off in a democratic competition. Introducing a funding regime was the first measure to remedy the absence or invisibility of the main actors of this public sphere, the European parties themselves.

Before the introduction of a public funding regime, European parties, with the exception of the EPP, were hosted in the offices of their parliamentary groups and received direct payments from them. According to the Court of Auditors, the total contributions of parliamentary groups, in 1998, amounted to €1.4 million, not counting personnel costs. In 2000, the Court criticised this practice, calling for a separate funding stream.

The European Parliament itself also called for reform. In 1996, an EP Resolution on the constitutional status of European political parties called for their reform and underlined the importance of a specific and dedicated financing scheme for European parties, distinct from that of the European Parliament. It highlighted the importance of "[giving European parties] a financial incentive to strengthen their roots in society and seek greater financial autonomy".

Yet, the adoption of the funding regime drew intense debate, both in the European Parliament and in the Council. In Parliament, positions broadly followed a *pro- v. anti-European* cleavage, with the four main groups (EPP-ED, PES, ELDR and Greens/EFA) supporting it, while GUE/NGL, EDD, UEN and non-attached members opposed it.

In the European Council, the United Kingdom, Sweden, Denmark, Italy and Austria criticised the funding proposal and the last three voted against it. Criticism ranged from the requirement to recognise EU principles to the vision of European parties as umbrella organisations, including the number of parties required to register.

In the end, funding was approved with clear limits. Supply-side limits provided for a maximum amount of contributions per donor per year. Both in the Council and Parliament, France supported strict limits on the size and

# WHAT HAPPENS ELSEWHERE? PUBLIC FUNDING

## UNITED STATES

The Federal Election Commission oversees campaign financing and the provision of public funds for U.S. presidential elections, including primaries candidates, parties' national conventions, and presidential nominees.

In order to be eligible for funds, primaries candidates must attest of a broad-based support through at least \$5,000 received as campaign contributions in at least 20 separate States. Although individual donations may be higher, only \$250 per donation is counted to reach the \$5,000 threshold and is matched by the FEC.

Major parties are also awarded over \$4 million for their national presidential nominating conventions.

Presidential nominees from each party can receive a grant of \$20 million and a cost of living adjustment for the campaign period between their nominating conventions and election day. In 2008, \$84.1 million were made available to each candidate. By accepting this grant, candidates forgo individual donations. In 2008, Barack Obama was the first nominee to turn down this grant.

## AUSTRALIA

Public funding in Australia is limited to election funding. In order to be eligible, political parties must be registered with the AEC. Following registration, a candidate or Senate group receives election funding if they obtain over 4% of the first preference vote in their constituency.

Following elections, political parties are awarded a per-vote subsidy. Its amount is calculated by multiplying the number of first preference

votes by the applicable rate of payment. The rate is indexed every six months in line with the Consumer Price Index. In 2016, the rate stood around \$2.63 per eligible vote (\$2.8 in 2020); as a result, \$62.7 million were distributed. Starting in 2019, parties must provide evidence of electoral spending and cannot receive more public funding than they spent.

## CANADA

Following elections, federal parties receive the most significant portion of public funding as electoral expenditure reimbursement. The expenditure reimbursement subsidises 50% of national campaign expenses for parties reaching 2% nationally or 5% in the ridings in

which they ran. Additionally, riding organisations are reimbursed 60% of all candidates' expenses in each riding where they obtained 10%, plus 100% of allowed "personal expenses".

Outside of elections, federal parties had, until 2015, two main sources of public funding: the

indirect subsidy of private contributions through tax credits, and a per-vote subsidy. In 2009, outside elections, subsidised contributions at the federal and riding levels accounted for 62% of parties' funding (two-thirds of which being the public subsidy), and the per-vote subsidy for the remaining 38%.

The per-vote subsidy was introduced in 2004 at \$1.75 per vote and indexed to the Consumer Price Index. The subsidy initially had an electoral

threshold between 2 and 5% which was later struck down by courts. At the same time, limits were set on political contributions by individuals and organisations. This subsidy was eliminated in 2015 by the conservative government.

The public subsidy of private contributions, via a personal income tax credit, is set at 75% of the first \$400 donated, 50% until \$750, and 33.33% for the amount above \$750. The tax credit is capped at \$650.

## AUSTRIA

The Political Parties Act of 2012 states that the federation, provinces, and municipalities can grant subsidies to political parties, ranging from €3.10 to €11 per person eligible to vote in the last elections.

Federal parties in Austria receive subsidies for their national activities and a specific subsidy for their European activities.

The total annual amount allocated to parties for their national activities is the total number of citizens entitled to vote for the lower house multiplied by a €4.60. In 2014, this funding amounted to €42.7 million. Out of this amount, each party with five members in the lower house is first allocated a baseline subsidy of €218,000; the remaining amount is distributed among all parties in the lower house in proportion to the votes received at the most recent lower house election. Since 2015, the allowance varies with the Consumer Price Index. Parties not represented in the lower house but with over 1% of the votes

are entitled to €2.50 per vote received.

Newly formed parties that are campaigning for the lower house are not eligible to receive subsidies.

Following European elections, parties with MEPs are granted a supplementary subsidy. Its total amount is the number of voters in the European election in Austria multiplied by €2. The subsidy is distributed in proportion of the votes received, not exceeding each party's spending on specific campaign expenditure.

Between the election reference day and the voting day for national or European elections, parties cannot spend more than €7 million on advertising.

Provinces may grant subsidies that are twice the lower and upper limits indicated above at the district and municipal levels. Most provinces chose a number around €11.

## GERMANY

Germany provides public funding to political parties since 1958; funding is granted for all party activities. In order to be eligible to public funding, parties must have received 0.5% of the vote at the most recent national or European election, or 1% in the most recent Landtag elections in at least one Land.

Parties receive public support through two

mechanisms. Firstly, parties receive a per-vote subsidy based on their latest election results. The first four million votes each grant €1, and each supplementary vote €0.83. In the case of Bundestag elections, the result of the "party vote" is counted (or the direct vote if the party's list was not admitted at the Land level, provided they receive 10% of the vote in each local constituency).

Secondly, parties receive a subsidy matching their privately raised income, with €0.45 granted for each donated euro (regardless of its source, including membership dues, contributions from elected officials, or donations), up to €3,300 per donations.

Public funding is limited in two ways: there is an overall limit for annually disbursed funds (currently at €190 million), and parties cannot receive more than they have received in private

funding in a given year. As a result, in 2006, parties received around 30% of their funds from public funding, 28% from membership fees, 12% in mandatory contributions from elected and appointed officials, 10% from private donations, and 3.5% from corporate donations.

Public funding is distributed four times a year as advance payments calculated upon former entitlements.

## AND IN THE EUROPEAN UNION?

The EU allocates a fixed amount to the funding of European political parties. Of this amount, 10% is distributed equally to all European parties and 90% in proportion to party's number of MEPs.

As a result of this fixed total, the amount received by political parties may easily vary based on the number of political parties registered for the year in question. The number of European parties has greatly fluctuated in recent years.

Given the strict criteria for the registration of European parties, many political alliances are unable to register and, therefore, to qualify for public funding. Finally, given the high legal and natural thresholds for the election of MEPs, smaller European parties lose out on public funding wherever their votes fails to meet the threshold.



source of contributions, while Germany pushed to increase ceilings. Positions mostly ran on national lines, according to what representatives were used to in their home country.

Demand-side limits provided no overall spending cap, but constrained parties in their spending. In particular, funds could not be used to finance national-level political parties and candidates. This decision proved a sensitive issue and was made, according to Rapporteur Jo Leinen, "for reasons of legitimacy, transparency and Member States' political integrity".

#### *Current rules for European party funding*

The legal basis for the funding of European parties lies in Art. 10 TEU and in article 224 TFEU. The direct and indirect public funding of European parties began with Regulation 2004/2003 and was amended through subsequent regulations.

As for other parts of this Regulation, the goal was to improve the EU's political integration through a better structuring of political actors at the European level.

Applicable rules for European parties are found in [Articles 17-22](#) of the Regulation. Registered European parties are required to have at least one MEP to apply for public funding. Financial contributions from the EU budget cannot exceed 90% of the annual reimbursable expenditure of a party's budget; this contribution can be used in the financial year following its award and will be recovered after that.

[Article 18](#) details the process of application for EU public funding.

According to [Article 19](#), appropriations made for political parties are divided as follows: 10% are split equally for all beneficiary parties, and 90% are distributed in proportion to European parties' number of MEPs.

Provisions on donations and contributions are detailed in [Article 20](#). Donations from legal and natural persons are limited to €18,000 per year and per donor — this ceiling does not apply to members of European, national or local parliaments. Parties are requested to submit, alongside their annual financial statements, a list of all donors, including the value and nature of each donation.

Parties are forbidden from accepting donations from anonymous donors, from the budget of European political groups, from any public authority (directly or indirectly), or from natural and legal persons from third countries. These donations shall be returned or reported and recovered by the European Parliament. Contributions from party members shall not exceed 40% of the budget of a party.

[Article 21](#) discusses the funding of EP campaigns by European parties. European parties are allowed to finance campaigns for elections to the European Parliament in which they or their members participate; provisions on funding and limits on expenses for EP elections remain governed by national law.

Finally, [Article 22](#) explicitly prohibits European parties and foundations from directly or indirectly financing other political parties, in particular national parties and candidates, or referendum campaigns.

Funding-related provisions for transparency are included in [Article 32](#); they require the public disclosure of donations above €3,000, as well as of donations between €1,500 and €3,000 for which donors have consented to the disclosure.

#### *Consequences of the European public funding scheme*

The creation of a funding scheme through Regulation 2004/2003 had direct consequences on the structure of the European party system, attesting of the impact of public funding for political parties.

Following the introduction of public funding, the number of European parties grew from five to eight, with the creation of the European Left, of the European Democratic Party (which broke off from the EPP), and of the Alliance for a Europe of Nations. The number of parties progressively reached a maximum of 16 in 2017 before slimming down to its current 10. Overall far-right parties have proved the least stable, with coalitions forming and crumbling within a few years.

A related consequence of the increase in the number of parties is the broadening of the European party system's spectrum. Before the

existence of public subsidies, the EU's party system consisted of christian-democrats, centrists, socialists, greens and liberals. For better or for worse, public subsidies have allowed the creation of parties on the far left and far right of the political spectrum. While we may disagree with their message, a healthy democracy requires the possibility for all political movements to have a voice, and the broadening of the European political spectrum is an important feature of its democratisation.

This very broadening has posed a conundrum for Eurosceptic parties, since coming together across borders to form a European party would further contribute to European integration and help decrease the democratic deficit for which they criticise the EU. However, forming European parties also helps spread their message and directly decreases the amount of subsidies

available for pro-European parties. The number of far-right parties created since 2004 shows that even strongly ideological parties often make the pragmatic choice when money is on the table.

**Our Goal:**

Through the reform of the EU's party funding scheme, **support the creation of a strong, autonomous and resilient political party system of well-funded parties.** This party system should have a sufficiently wide field of parties for proper representation, reward the performance of parties in attracting citizens, raising funding and electing representatives, and ensure its openness to newcomers. It is essential to strike a balance between these elements.

### Recommendation 3.1: Extract European party funding from the European Parliament

The first element for the creation of an autonomous political party system is the independence of its source of financing, in order to avoid the temptation by other actors to appropriate these funds or to prevent their increase.

Currently, the budget line for the financing of European political parties lies, in the EU's Annual Budget, with other sources of expenditure of the European Parliament.<sup>28</sup>

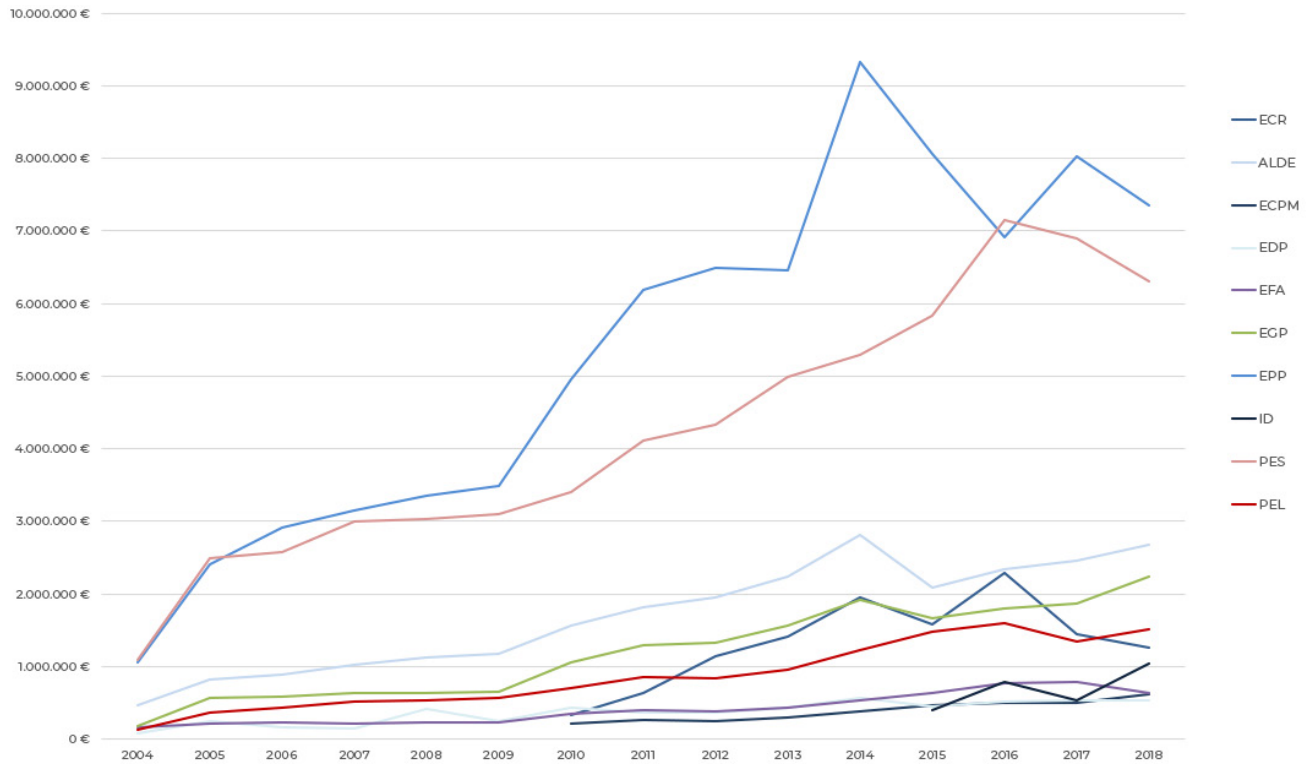
If European political parties are to be credible actors of the European political system and therefore independent from Parliament, their organisation, as their status recognises, must be clearly outside of the European Parliament.

Therefore, while MEPs should have a say on this budget line — as they do for other sources

of expenditure —, the appropriation of funds for European parties should not be a part of the European Parliament's funding. In its 2000 Special Report on the expenditure of the European Parliament's political groups, the European Court of Auditors stated the need for a special heading for the budget of political parties and underlined that, unlike political parties, political groups were primarily internal parliamentary structures.

By doing so, the EU would fall in line with national practices, where the funding of political parties is usually separate from the funding of the legislature.

<sup>28</sup> Annual EU Budget, Section 1 European Parliament, Title 4 Expenditure resulting from special functions carried out by the institution, Chapter 4 0 Expenditure relating to certain institutions and bodies, 4 0 2 Funding of European political parties. Likewise, the funding of European political foundations is in this section, at 4 0 3. <https://eur-lex.europa.eu/budget/data/DB/2020/en/SEC01.pdf>



EU public funding provided to European parties, 2004-2018

### Recommendation 3.2: Allow European political parties to finance affiliated national parties and candidates

During the discussions on Regulation 2004/2003, the financing by European political parties of national parties, candidates and referendum campaigns proved a sensitive topic. There were fears that European parties would exercise undue influence in national political life and over national parties.

Conversely, there were those who feared that European parties' budget may end up being absorbed by national parties for strictly national purposes.

The decision was therefore made to explicitly forbid European political parties from using their resources to support national parties and candidates — with the exception of joint events in the specific framework on European elections.

Without a doubt, this interdiction is one of the

most consequential and detrimental to the creation of a European political sphere.

Indeed, a European political sphere means an integrated, multi-level space for political action where actors work together across levels. By placing a firewall between the European and national levels, the legislator has not only limited the interactions of national and European political actors, but virtually eradicated any possibility for European parties to act where citizens and voters live and mobilise.

To be clear, this decision was not made without a reason. As rapporteur Jo Leinen explains, it was made "for reasons of legitimacy, transparency and Member States' political integrity."

However, the so-called protection of Member States' political integrity runs directly against the

desire to create an integrated European political sphere which has now been promoted over and over, including in the so-called “Party Article” (Art. 10.4 TEU) claiming that “political parties at European level contribute to forming European political awareness and to expressing the will of citizens of the Union.”

The creation of this European political sphere specifically *requires* interlinks between the European and national levels; these links cannot simply be a control by national parties of European parties, but must instead be joint activities, debates, and actions over the course of the regular political life and away from electoral campaigns. In other words, there cannot be a European political sphere if European parties are not allowed act at the national level, both independently and through national parties.

Furthermore, a review of federal systems shows that, regardless of the respective competencies of the federal and state levels, the creation of a democratic public sphere requires political interactions between all levels. Even where a strict separation of federal and state competencies is in effect, as in the United States, nation-wide parties of multi-level countries work

with the state and local levels to find common positions on both federal and state matters.

Finally, giving national parties a financial interest in their relationship with European parties is the surest way to get their support and to give teeth to financial sanctions over national parties themselves. And only through this national impact of sanctions can we hope to have an influence on national parties’ behaviour. Short of this financial incentive for national parties, failure to comply would simply penalise European parties, which national parties may be perfectly willing to do, at no or little cost to themselves.

Article 22 should therefore be removed, while Article 21 should explicitly allow European political parties to support national parties, candidates and referendum campaigns.

Conversely, any event or activity organised with funding from a European political party should be required to display the logo of the European party alongside that of the national party. Additionally, certain costs, such as administrative or staffing costs may be excluded from allowed expenditure of European parties at the national level.

### Recommendation 3.3: Increase the funding of European parties

Another pre-condition for a functioning party system is that its political parties be well-funded. It is for this reason that the EU’s public funding scheme was set up and it remains the justification for many public schemes today.

The notion of “well-funded” is, of course, subject to debate and countries have adopted very differing views on the amount of public funding that ought to be given to political parties to support their activities.

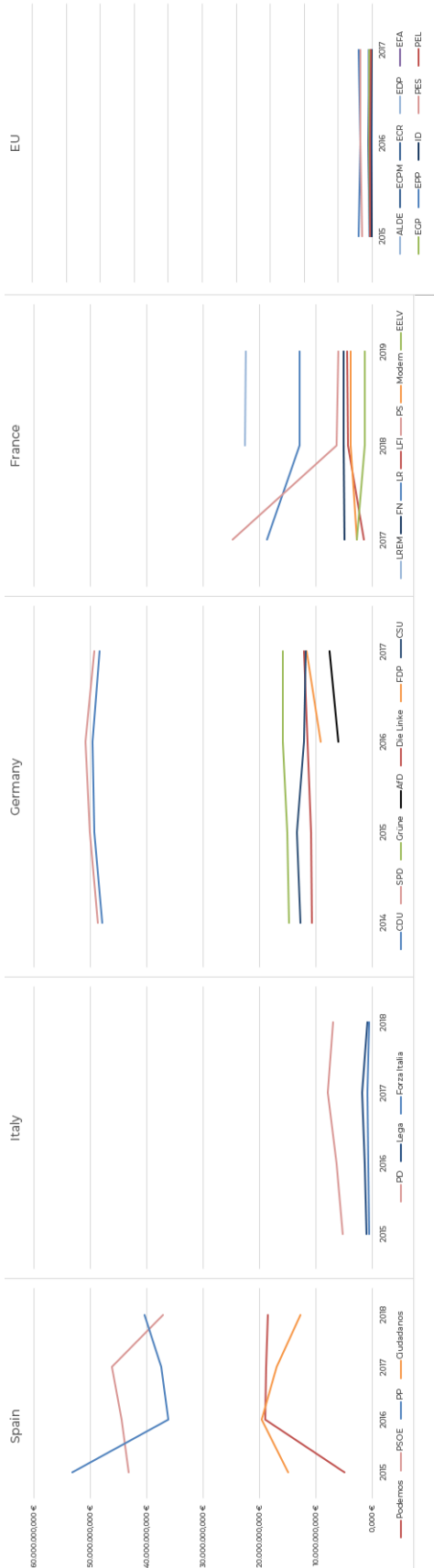
However, a comparison between the public funding of leading parties in Europe is enlightening. The following graphs present the budget, total public funding, and per capita public funding of major national parties, and compare them to European parties. For per capita public funding, the amount of public

funding is an average of several recent years, in order to avoid sudden changes.

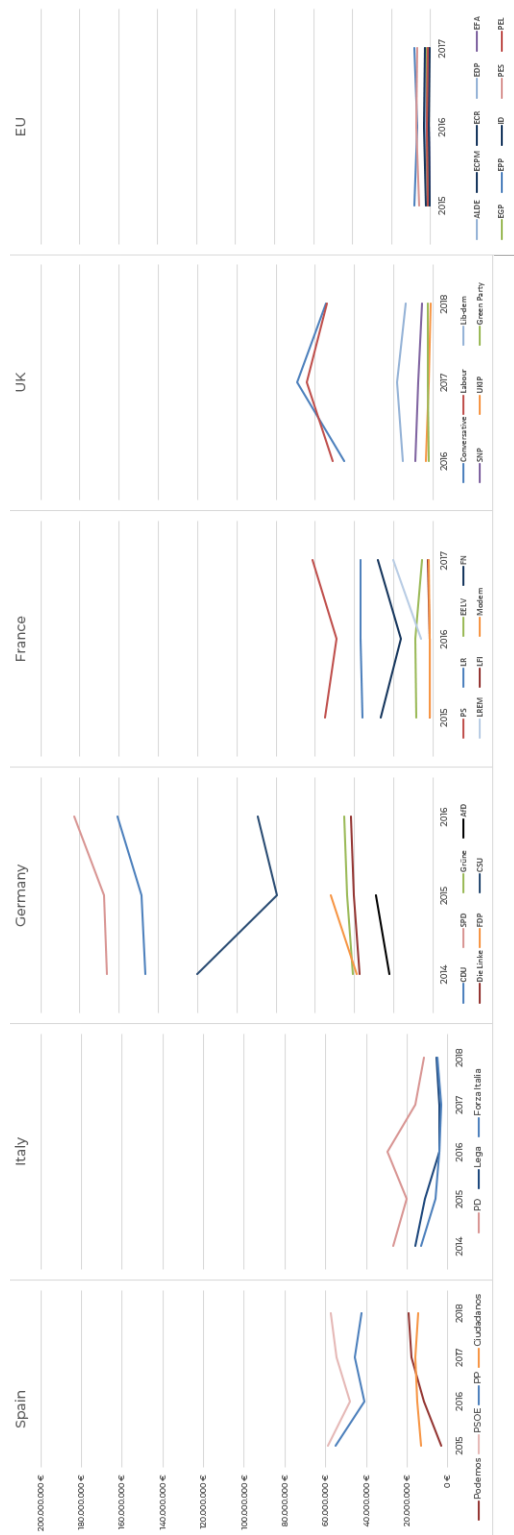
The comparison clearly shows that, regardless of a party’s exact size or of the funding choices that countries have made, European parties all floor the ranking and receive less money, both in total and per capita, than their national counterparts.

Furthermore, grouping per capita funding by country shows that public funding for national parties ranges from €0.05 to €0.62 per year per citizen. By contrast, European political parties average at €0.004 per year per citizen.

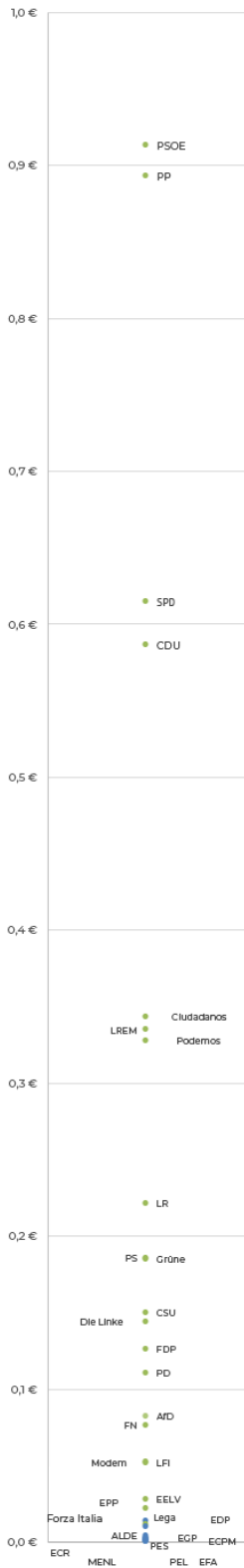
When compared to the EU’s overall budget, the funding allocated to European parties remains inconsequential. In the EU’s 2020 draft budget, administrative costs amounted to 7%, or just over €10 billion; the European Parliament’s



Public funding for major national parties and European parties, 2015-2018



Budgets of major national parties and European parties, 2015-2018



Per capita public funding (national parties in green, European parties in blue)

share was 20% of that amount (around €2 billion) and 1.32% of the total budget. With €42 million allocated to them, European political parties received around 2% of the EP's budget and 0.03% of the EU's total budget.

Given the size of the European Union, and even with a narrow view of the role of European political parties, the current public funding of European parties can only be considered as extremely insufficient.

### Recommendation 3.4: Overhaul public funding regime of European parties

Increasing the sheer amount of public money available for European parties is undoubtedly an essential prerequisite in order to strengthen their organisation and promote their activities, and this effort goes hand-in-hand with an expansion of European parties' role in Member States, as prescribed above.

However, the manner in which these funds are actually allocated will determine the fairness and openness of the party system.

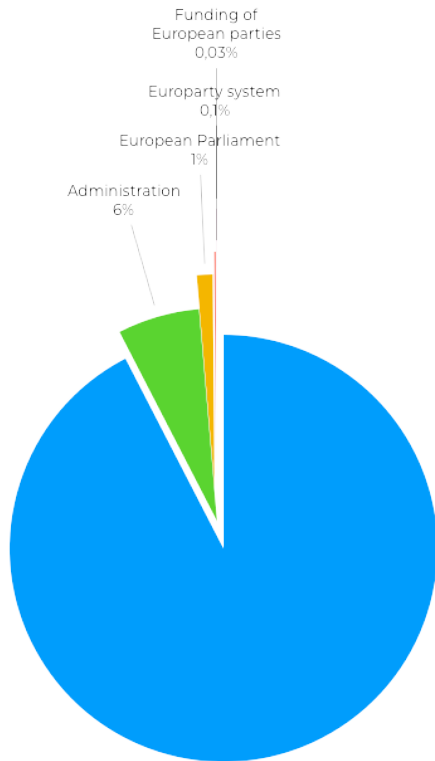
Currently, following the choice of the total public envelope, 10% are distributed as a lump sum to all qualifying parties and 90% are distributed based on European parties' number of MEPs. Public funding for European parties is capped at 90% of the reimbursable expenses of their budget.

Based on the relevant literature, here are essential elements to bear in mind for the design of the funding system:

Of course, the objective should not be to simply drastically increase the overall amount of public money given to political parties, but instead to reach a fairer balance between the national and European levels, reflecting new and more balanced roles. Nevertheless, national and European public funding systems remain separate and this balancing act must start with larger appropriations at the European level.

An initial doubling of the amount available to European parties would contribute to strengthening their organisation and the amount could later slowly increase as their role and needs expand.

- National parties have long exhibited revenue-maximising strategies and the ability to change their modus operandi when required to increase their income from public funding; this means that European parties can be relied on to follow financial incentives.
- The smaller the lump sum distributed equally to all parties, the harder the situation for smaller parties with few MEPs; the lump sum was reduced from 15 to 10% of the available funds in 2018.
- Likewise, the more funding is tied to parties' number of MEPs, the harder it is for newcomers to join the fray and operate.
- The more parties receive in public funding, the more they depend on the State, and the less they are incentivised to reach out to citizens for private contributions; European parties receive between 75 and 90% of their income from public funds, while national parties receive, on average, around 65%.
- An absence of specific funding for elections means that, around election times, parties are likely to limit their electoral spending or have to cut down on organisational expenses; this is particularly applicable to smaller parties.



Share of administration, EP, Europarty system, and public funding for European parties in the EU budget  
(the Europarty systems encompasses European parties, foundations, parliamentary groups and the APPF)

Based on these considerations, we can make the following recommendations. Though they can be considered and implemented separately, these recommendations are thought of as a whole, and presented accordingly.

**Sub-Recommendation 3.4.1: Move from split-envelope funding to fixed figures for increased stability**

In the current system, the European Parliament's Secretary-General each year makes an estimate of the total funding for European political parties in the EP's draft budget. This amount is then discussed and approved by the Bureau, the Budgets Committee and the Plenary, before being included in the Commission's draft of the EU budget. There are usually few changes

following the approval by the Bureau and Budgets Committee.

Once this total envelope has been decided, parties equally split 10% as a lump sum and receive the remaining 90% according to their number of MEPs.

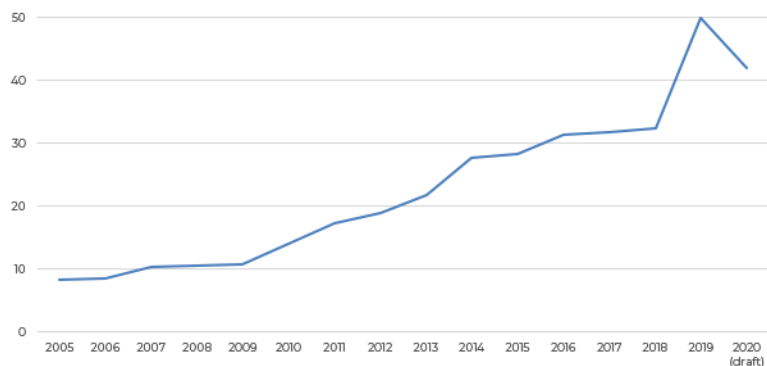
As a result of this mechanism, a party's funding is not directly tied to its performance, but is noticeably affected by the sheer number of parties entitled to funding. This is detrimental to long term financial planning, in particular in such a volatile party system where the number of parties fluctuates from year to year — including a doubling of the number of parties over ten years, and the disappearance of 6 out of 16 parties between 2017 and 2018.

Even if the total amount aims at accounting for the number of parties receiving funding, fluctuations in the number of parties and in the smaller parties' meeting of funding criteria means that funding may jump up or down irrespective of parties' performance.

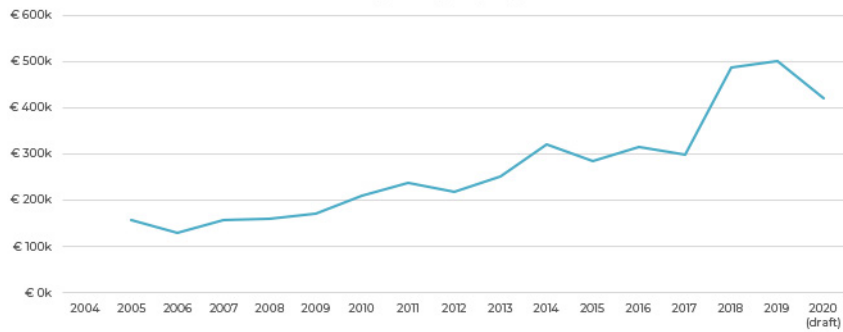
A fairer system, as is in place in most countries, would move away from envelope-splitting and instead adopt a system of fixed figures.

Keeping the EU's current division between lump sum and number of MEPs, this would mean a *fixed amount for the lump sum* and a *fixed amount per MEP*. For instance, Austria has a fixed lump sum of €218,000 per party (for all parties with at least 5 MPs).

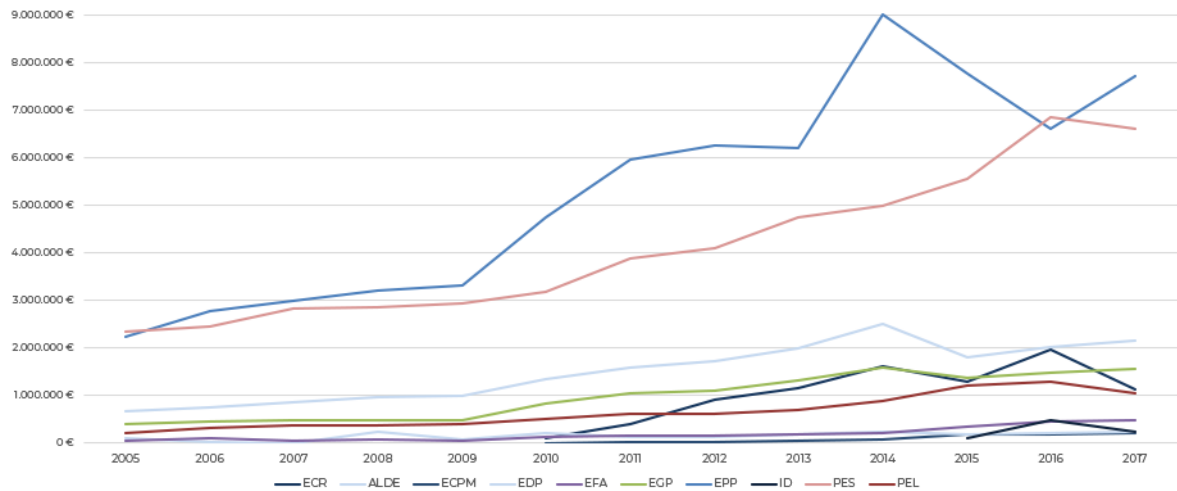
A planned increase based on a consumer price index should complete this structure.



Total public funding of European parties (in € million)



Evolution of the lump sum allocated to European parties



Evolution of the MEP-based funding allocated to European parties

### Sub-Recommendation 3.4.2: Reassess the lump sum to create a level playing field

An essential aspect of a well-designed funding system is to ensure a level playing field for all parties. This means not looking simply at the largest parties, but keeping an eye out for the small players. For instance, since 2004, the EPP and PES combined have consistently over half of the EU’s public funding, despite the presence of up to 16 recipients.

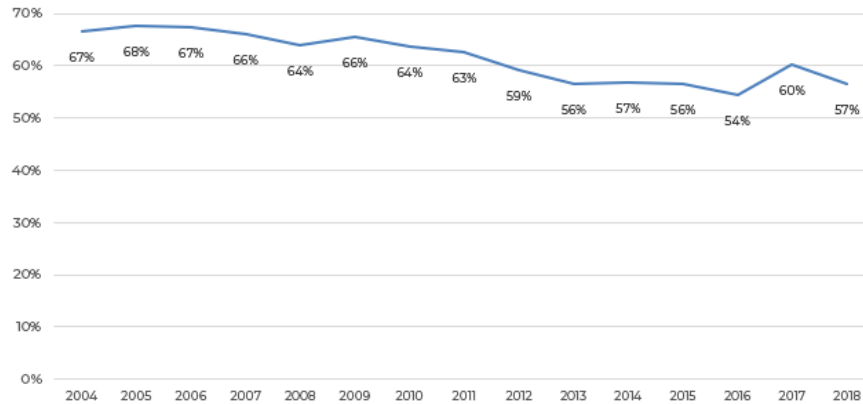
On the one hand, one may argue that larger parties deserve more attention as they represent a larger share of the electorate, and are likely to play a larger role in the political and parliamentary arena. However, the ability of small parties to operate is what ensures the true representativeness of a party system.

Having more limited resources, smaller parties are intrinsically more vulnerable to rising costs, law suits, and other financial risks. At the same time, they are the ones most easily affected by the results of elections, and a change of just a few MEPs might mean life or death when MEP-based funding is so prominent.

To be clear, the issue here is not the particular fate of Party X or Party Y, but the ability of the party system to ensure the presence of sufficient parties, including smaller ones, to provide a fair political representation to citizens.

Responding to our questionnaire, smaller parties consistently indicate public funding (and the lack thereof) as a key element of their funding strategy and highlight its shortcomings for proper operations. This factor will further gain in importance if we manage to ease the





Combined percentage of total EU public funding received by the EPP and PES

restrictions on the registration of political parties and succeed in opening the field to newcomers.

Should the split-envelope mechanism remain in place, this reform would mean reversing the 2018 decision to bring the lump sum down to 10%, and instead increase it for instance to 20%.

Should the split-envelope mechanism be done away with, the amount of the lump sum should be evaluated based on real costs for common operations, including office space in Brussels, staff and administrative costs, and communications expenses.

**Sub-Recommendation 3.4.3: Replace MEP-based with vote-based funding to reward electoral performance**

As we have seen, the bulk of the EU's public funding is attributed to European parties based on their number of affiliated MEPs. Every year, European parties declare their number of MEPs to the APPF and are granted funding accordingly. There is usually limited year-to-year movement and this system aims at reflecting parties' electoral performance.

However, while European elections are by and large proportional, Member States often implement electoral thresholds. These thresholds can reach a maximum of 5% and a recent reform compels all constituencies larger than 35 seats to enact thresholds of at least 2%.

As a result, many smaller lists and parties who do not meet these thresholds fail to gain parliamentary representation despite electoral support from citizens.

From a funding perspective, all these votes are wasted, and citizens voting for larger parties are therefore given the opportunity to provide an indirect financial contribution to their party (through the election of MEPs), while those voting for small parties are denied this opportunity.

Given this imbalance, and in order to broaden the financial support given to smaller parties in direct relation to the real electoral support they received on election day, we should replace the current MEP-based funding system with one based on each party's number of votes.

This is a common mechanism, adopted under different forms, among others, in Australia, Austria, Canada and Germany.

Beyond a fairer distribution of EU funds, more closely linked to parties' true performance with the electorate, this distribution would have two useful consequences.

Firstly, funding falling under this system would remain fixed between elections: this places added emphasis on the elections, encouraging parties to perform well, and supports longer-term budgeting, as parties will not lose funding if MEPs decide to change parties.

Secondly, since funding is not tied to MEPs, there is limited incentive to create a new party and benefit from funding linked to MEPs changing sides: the new party may receive public funding, but would not benefit from funding tied to an election it did not participate in. While this is unlikely to affect major parties, it is likely to bring more stability to the overall system, by limiting the unchecked growth in the number of parties in the far right.

	MEPs	MEP-based distribution 90% -> € 37,800,000	%	Vote in 2019 elections	Vote-based distribution for same total amount	%
ALDE	81	5.278.966 €	14%	24.878.673	5.046.576 €	13%
ECPM	0	0 €	0%	0	0 €	0%
ECR	54	3.519.310 €	9%	14.841.451	3.010.551 €	8%
EDP	9	586.552 €	2%	8.082.086	1.639.431 €	4%
EGP	22	1.433.793 €	4%	25.414.992	5.155.367 €	14%
EPP	182	11.861.379 €	31%	42.243.818	8.569.052 €	23%
ID	59	3.845.172 €	10%	21.101.060	4.280.297 €	11%
PES	143	9.319.655 €	25%	36.696.678	7.443.829 €	20%
PEL	30	1.955.172 €	5%	13.088.137	2.654.896 €	7%
Total	580	37.800.000 €	100%	186.346.895	37.800.000 €	100%

Change in funding by replacing MEP-based funding with vote-based funding

Finally, the proportional aspect of the distribution can be traded for a given *price per vote*, either with a fixed rate or using regressive brackets. For instance, in Germany, the first 4 million votes entitle a party to receive €1 for each vote; after that, parties receive €0.83 per vote.

This system also has the advantage of encouraging parties not only to seek a high *share* of the vote, but also a high *number* of votes; political parties therefore have a direct incentive in raising voter turnout.

**Sub-Recommendation 3.4.4:  
Introduce individual member-based funding to increase political participation**

We have identified the distance between citizens and European parties as a crucial element limiting the creation of a true European party system, and, consequently, of a European political sphere. Citizens often ignore European parties and, when they seek to be politically active, joint national parties instead.

European parties, on their end, have no incentive to broaden their appeal to citizens: citizens vote for national parties and national candidates, campaigning is done at the national and local levels through national parties, and their smaller membership even makes organisational processes easier.

As a result, individual membership of citizens in European parties is, by and large, inexistent and most often limited to MEPs and other office-holders and specific cases.

While changing the way candidates are selected or how campaigns are led would require a reform of the European electoral law, there are incentives that can be introduced to develop the direct membership of European parties.

In addition to a lump sum and representative-based funding, the Netherlands have introduced a funding scheme accounting for parties' number of members: the more members a party has, the more funding it receives. As for the vote-based allocation, this system can be designed either with a fixed price per member or using regressive brackets.

Overall, this system is an incentive for political parties to encourage party membership and political participation by citizens; it may also be used as a means to lower the cost of party membership, by using this allocation to offset a decrease in membership fees.

Of course, safeguards must be put in place to avoid fake or abusive registrations. In the Netherlands, parties are required to have at least 1,000 members paying a membership fee of at least €12. A similar system could be used for European parties.

Given the current quasi-absence of direct

	PES Member parties	abbr.	Membership	Fixed price	Regressive brackets	
				5 €	€10 below 50.000	€3 above
Austria	Social Democratic Party of Austria	SPÖ	180,000	900,000	500,000	390,000
Belgium	Socialist Party	PS	?	?	?	?
	Socialist Party – Differently	SPA	49,703	248,515	497,030	
Bulgaria	Bulgarian Socialist Party	BSP	105,000	525,000	500,000	165,000
Croatia	Social Democratic Party of Croatia	SDP	35,738	178,690	357,380	-
Cyprus	Movement for Social Democracy	EDEK	?	?	?	?
Czech Republic	Czech Social Democratic Party	ČSSD	13,845	69,225	138,450	-
Denmark	Social Democrats	A	40,060	200,300	400,600	-
Estonia	Social Democratic Party	SDE	5,680	28,400	56,800	-
Finland	Social Democratic Party of Finland	SDP	39,450	197,250	394,500	-
France	Socialist Party	PS	42,300	211,500	423,000	-
Germany	Social Democratic Party of Germany	SPD	419,300	2,096,500	500,000	1,107,900
Greece	Panhellenic Socialist Movement	PASOK	?	?	?	?
Hungary	Hungarian Socialist Party	MSZP	?	?	?	?
Ireland	Labour Party	Lab	?	?	?	?
Italy	Democratic Party	PD	374,786	1,873,930	500,000	974,358
	Italian Socialist Party	PSI	20,600	103,000	206,000	-
Latvia	Social Democratic Party "Harmony"	SDPS	3,653	18,265	36,530	-
Lithuania	Social Democratic Party of Lithuania	LSDP	17,677	88,385	176,770	-
Luxembourg	Luxembourg Socialist Workers' Party	LSAP	5,000	25,000	50,000	-
Malta	Labour Party	PL	?	?	?	?
Netherlands	Labour Party	PvdA	41,078	205,390	410,780	-
Poland	Democratic Left Alliance	SLD	33,554	167,770	335,540	-
Labour United	UP	?	?	?	?	
Portugal	Socialist Party	PS	83,524	417,620	500,000	100,572
Romania	Social Democratic Party	PSD	509,000	2,545,000	500,000	1,377,000
Slovakia	Direction – Social Democracy	Smer-SD	16,167	80,835	161,670	-
Slovenia	Social Democrats	SD	12,109	60,545	121,090	-
Spain	Spanish Socialist Workers' Party	PSOE	178,651	893,255	500,000	385,953
Sweden	Swedish Social Democratic Party	SAP	89,010	445,050	500,000	117,030
			2,315,885	11,579,425	7,766,140	4,617,813
					12,383,953	

#### Example of membership-based funding scheme for the PES

members in European parties, a highly regressive system could be put in place: the first tens of thousands of members would be highly valued, while the following ones would have a very low value. A ceiling would cap this stream of funding, so as to avoid unwanted skyrocketing costs and amount could be periodically review until membership stabilises.

This could prove a strong encouragement for parties to set in place a system of extended

direct membership, without running the risk of seeing the costs balloon out of proportion.

Over time, the system would ease and the price difference between the first members and the rest would even out, thereby encouraging a larger membership.

Additionally, a coefficient can be designed to reward a political party's presence in a large number of Member States, instead of only building a strong presence in one or a few States.

# WHAT HAPPENS ELSEWHERE? PRIVATE FUNDING

## UNITED STATES

Private funding for political parties in the U.S. is tied to public funding. If a presidential candidate accepts the proposed public grant, he or she can only rely on public money and cannot accept individual donations. In 2008, Barack Obama was the first candidate to turn down the grant in order to rely on private donations instead.

Political action committees (PACs) pool campaign contributions from members and donate those funds to campaigns for or against candidates, ballot initiatives, or legislation. At the federal level, an organisation becomes a PAC when it receives or spends more than \$1,000 for the purpose of influencing a federal election, and registers with the FEC. At the State level, State electoral laws apply. Contributions from corporations or labor unions are illegal, though they may sponsor a PAC and provide financial support for its administration and fundraising.

Spending is limited as follows: \$5,000 to a candidate or committee for each election, \$15,000 to a political party per year; and \$5,000 to another PAC per year. However, PACs may make unlimited expenditures independently of a candidate or political party.

The Supreme Court's 2010 decision in *Citizens United v. Federal Election Commission* struck down several campaign finance provisions and, consequently, freed labor unions and

corporations to spend unlimited money on electioneering communications and to directly advocate for the election or defeat of candidates, though not directly through PACs. This decision has had a major impact on campaign finance and remains very controversial.

So-called "super PACs" do not make financial contributions directly to candidates or parties, and can therefore accept unlimited contributions from individuals, corporations and unions. Super PACs may engage in unlimited political spending independently of the campaigns, but are not allowed to either coordinate with candidate campaigns or parties.

Public advocacy groups and trade associations can also make expenditures in political races. They cannot have the primary purpose of engaging in electoral advocacy, but, unlike super PACs, are not required to include the names of their donors in their FEC filings.

Between January 2019 and February 2020, candidates, party committees and political action committees raised a combined \$6 billion (including almost half from political action committees) and spent just over \$3 billion. Former presidential candidate Michael Bloomberg alone spent close to \$500 million in his bid for the 2020 Democratic nomination.

## AUSTRALIA

The majority of private political donations come in the form of donations from corporations, which

go towards the funding of the parties' election advertising campaigns. Most large corporate

donors were found to conduct business in an area greatly affected by government policy, or are likely to benefit from government contracts. Corporations may contribute to political funding in a variety of ways, including through a corporate fee to attend party conferences. Since political parties are not required to identify corporations attending fundraising events, companies can deny being political donors. Donations and affiliation fees from trade unions also play a big role, in particular for the Labor Party.

For political parties, the 2018-2019 disclosure threshold was \$13,800, which is indexed annually; individuals or organisations crossing this threshold must file a "donor return". Undisclosed private donations can therefore reach over \$124,000 if spread across the national and the eight state/territory branches of political parties. Contributions from foreign donors are capped at \$10,000 and gifts relating to electoral communication at \$100. For donors, in 2006, the tax deductible amount is \$1,500.

## CANADA

The private funding of federal political parties occurs through individual contributions which are vastly subsidised by public funds through tax credits. Individuals need to be citizens or permanent residents, and corporations and trade unions are prohibited from funding parties or candidates.

As of 2017, the annual ceilings on private contributions were \$1,550 for *each* of the following: federal party, riding association, party leadership candidate, nomination contestant, endorsed candidate, and to each independent candidate. Limits are set to increase by \$25 annually and special rules apply to nomination contestants and candidates. The total tax credit for all contributions is capped at \$650.

In 2009, out of the \$46 million received in contributions by federal parties and riding associations, \$15-17.5 million was net private funding, while \$28.5-31.0 million was public funding deriving from tax credits, meaning a share of 62 to 67.5%. It is notable that, in the same year, parties spent more on fundraising efforts that was actually given to them through net private funding alone.

In 2015, U.S.-style PACs were introduced to Ontario and Alberta as "technically federal non-profit corporations" registered with Industry Canada. PACs are allowed to spend up to \$150,000 on third-party advertising during election time, but spending is otherwise unlimited.

## AUSTRIA

Federal political parties and presidential candidates may generally accept donations without caps, but with constraints. Donations from the following are prohibited: parliamentary groups, entities held at more than 25% by the public sector, foreign natural or legal persons above €2,500, and natural or legal persons above €2,500 in cash or over €1,000 if made anonymously.

Donations must be filed with the annual general statement of accounts, submitted by parties to the Federal Court of Audits. Parties must separately state donations to themselves and to their branches that do not have legal personality, donations to affiliated organisations and to members of parliament. Furthermore, donations from one source exceeding €3,500 per calendar year must be listed separately with the name

and address of the donor. Donations exceeding €50,000 must be reported immediately to the Court of Audits, which will publish the amount, as well as the name and address of the donor on its website.

## GERMANY

In Germany, the private funding of parties is encouraged, so as to balance the sizeable public funding.

The law does not limit donations to MPs themselves but Bundestag rules provide for limits and for the disclosure of these contributions. Statutory provisions require MPs to turn these donations over to the party as soon as possible.

There are no caps and only few limitations for individual and corporate donations to political parties. Donations from corporations held by the public sector at more than 25%, parliamentary groups, political foundations, non-profits, trade

unions, professional associations, and industrial or commercial associations are forbidden. Donations from governmental bodies and non-EU citizens are limited to €1,000, and anonymous donations to €500. Furthermore, the identity of donors making contributions over €10,000 must be made public in parties' annual financial statement, and donations above €50,000 must be disclosed immediately.

Corporate donations are not tax deductible. Individual donations and membership fees can be deducted up to €1,500 a year, or donors may claim an annual tax credit of half the donated amount up to €825.

Private donations are allowed from natural and legal persons up to €18,000. However, parties are forbidden from accepting donations from political groups, public entities from any country, non-EU legal persons and non-EU citizens not eligible to vote in EP elections, as well as anonymous donations. Finally, contributions from a member party cannot exceed 40% of the annual budget of the European political party.

## AND IN THE EUROPEAN UNION?

Unlike the above cases, the European Union must strive to find a balance between encouraging private support for European parties, which runs extremely low, and avoiding the undue influence of private interests.

European parties must secure at least 10% of their funding through private sources, or their public funding will decrease until this rate is reached.

Private donations are allowed from natural and legal persons up to €18,000. However, parties are forbidden from accepting donations from political groups, public entities from any country, non-EU legal persons and non-EU citizens not eligible to vote in EP elections, as well as anonymous donations. Finally, contributions from a member party cannot exceed 40% of the annual budget of the European political party.

Using a distribution key similar to the one we proposed as a registration criterion, we can assess the number of Member States a party is considered present in and use this to create a simple multiplier along the lines of:

$$f(x) = \frac{\log(a * x)}{x^{1/b}}$$

Where *x* is the number of Member States the party is present in, and *a* and *b* are multiplying coefficients.

For instance, with *a*=12 and *b*=20 and a correction to ensure a maximum coefficient value of 2:

$$f(x) = \frac{\log(12 * x)}{x^{1/20}} - 0,13$$

Member States with party presence	2	10	27
Coefficient (with a=12, b=20)	1,20	1,72	2,00
Funding (see amount above)	€14.86m	€21.30m	€24.77

In the example above, the same party with the same membership would receive €14.9 million if it concentrated its members in a two countries, €21.3 million if it spread them in ten, and close to €24.8 million if they covered the whole EU-27.

Through this system, parties would therefore have a direct incentive to broaden their presence in Member States. Ideally, the number of members needed would be rather low, so that the effort asked of European parties, especially smaller parties, would not seem insurmountable and not worthy.

**Sub-Recommendation 3.4.5: Use a matching fund to strengthen private funding**

So far, we have proposed to isolate the amount of funding from the number of parties, to replace the number of MEPs with the number of votes as the unit of measure to allocate election-related public funding, and to introduce a stream of member-based funding.

While this last proposal aims at inciting European parties at enrolling citizens, and therefore does support the raising of private funding though

membership fees, all three measures remain exclusively based on public funds.

Yet, while public funding of political parties is important in ensuring parties are sufficiently funded and not captured by private interests, it remains essential for parties to have an incentive to reach out to private donors, in particular small donors, and raise funds by themselves.

As with other elements of the funding system, the issue is to find the right balance between political parties that are captive of private funding — big and small — and waste their resources in endless fundraising (as is often the case in the United States), and parties that are almost entirely publicly funded and therefore have no incentive in reaching out to citizens. As noted before, European parties receive, in average, between 75 and 90% of their income from public sources, making them extremely dependent on public monies.

In addition to subsidies based on electoral performance, Germany matches private funding to political parties with €0.45 for every euro raised, regardless of the source — donations, membership fees, contributions from office holders, etc. A ceiling of €3,300 per donor caps this system. Since the current EU framework makes a distinction between donations smaller and larger than €3,000 (at which point they are required to be made public), a similar figure can be used as a ceiling to cap the matching system.

Finally, in Germany, public funding cannot exceed private funding, meaning that political parties must generate half of their income from private sources. This last figure is probably overly ambitious for European parties but the 90/10 ratio should progressively be decreased in order to provide for a progressive increase in private donations.

In part through these incentives for parties to reach out and include citizens, Germany, along with the Netherlands, which we also mentioned before for its member-based funding, ends up with the lowest level of dependence on public funding (around 40%), lowest membership drain, and highest public trust in political parties.

Overall, we see that the EU's current funding scheme, relying almost exclusively on public

funding and making MEPs the paramount barometer for performance, fails to create a level playing field, does not fairly reward electoral performance, and is a poor way to incentivise political parties to reach out to citizens.

By increasing the total amount of funding given to political parties and allocating it appropriately

— larger lump sum, vote results, membership, private funding —, we can build a smarter funding system that supports our objectives of bringing European parties closer to citizens while ensuring that all parties, large and small, are given a fair chance in the political game.

### Recommendation 3.5: Create special rules for new parties to facilitate the emergence of newcomers

Beyond the funding system itself is the issue of newcomers. Political systems tend to function as oligopolies, where long-standing actors occupy the field. As a result, short of a break-up of an existing party or of the creation of a new party by an already-prominent figure (call it a "Macron moment"), it is particularly difficult for new parties to emerge and be seen as credible actors.

This is applicable to the issue of funding, since new actors may generate sympathy and even electoral support, but fail to meet the required conditions to avail themselves of public funding. In the case of the EU, the situation is slightly different, as the conditions for registration are so high that they already prevent many newcomers from entering the political arena.

However, should these registration requirements be relaxed, it will be possible for small parties to join the fray, and, when they do, their particular situation — as well as the important role they play in the periodic renewal of the political ecosystem — must be recognised and protected.

For this purpose, special rules may be designed specifically for the purpose of supporting young parties. These rules would make it *easier* for new parties to access public funding, with the downside of providing a *smaller* overall amount of funding. Upon their registration, new parties would have the choice to be placed under these special funding rules or to follow the general system.

In particular, new parties are unlikely to have many MEPs, if at all, and are unlikely to receive a large number of votes. In particular, should their creation fall far from the next European elections, they would not be eligible to a vote-based subsidy for several years.

In the current funding scheme, the lump sum would be favoured over the MEP-based allocation. In our proposed funding scheme, the lump sum *and* the membership-based subsidy would be favoured over the vote-based allocation and the matching scheme.

Based on these observations, many options can be designed, among which:

- New parties are given a larger lump sum as their unique source of public funding.
- New parties are given a lump sum and an increased fixed amount per member, as an incentive to broaden their number of members.
- New parties are given a lump sum, an increased fixed amount per member, and an increased Member State multiplier, as an incentive to expand across the EU.

At any rate, these rules are not meant to give extra support for *small* parties, but specifically to support *new* parties. A key element will therefore be an expiry date for this mechanism, for instance two or three years following their registration or the next European election.



### Recommendation 3.6: Introduce an “electoral kit” for European elections

Elections are always a source of supplementary expenses. Predictably, these expenses have a disproportionate impact on smaller and newer parties than on established and larger ones.

Furthermore, while public funding must understandably take into account the size of parties and reward a strong electoral performance or a large membership, elections are the moment when all parties must be given a fair chance to present their political offer to citizens.

As such, strong inequalities in parties' ability to make their case to citizens is sure to entrench differences in performance. This is why, for instance, many countries ensure an equal speaking time in the media or other similar equal services, regardless of parties' size.

Therefore, alternatively or in addition to the previous recommendation, we propose the creation of an “electoral kit” for European elections, provided to all registered parties, and combining monetary and non-monetary services.

Monetary services could include a lump sum to cover electoral expenses, such as the printing of propaganda or online advertisement, provided ahead of the election. They could also include a special matching fund that would focus on private donations and match them at a higher rate during the six months preceding the election. Monetary services could also be given to political foundations for activities directly relating to elections and voter mobilisation.

Non-monetary services could include vouchers for the printing and delivery of electoral propaganda and a common online platform, hosted by the Commission, where all European parties would have the chance to present their programme and candidates, including a translation in all EU official languages. Equal online publicity could be made so as to ensure the equal visibility of all parties running.

Beyond political parties, this kit could be made available to non-party lists gathering a sufficient number of signatures (see Recommendation 4.7).

### Recommendation 3.7: Use conditionality to support specific policy goals and values

Providing public funding does not need to be a blank check written out to political parties. Wherever the legislator has a specific goal to promote, as is already done for the promotion of party membership or private donations, conditions can be set in place on the use or amount of public funding.

Currently, Article 17 of the Regulation specifies that “the expenditure reimbursable through a financial contribution shall include administrative expenditure and expenditure linked to technical assistance, meetings, research, cross-border events, studies, information and publications, as well as expenditure linked to campaigns.”

This mirrors the situation of the few Member States that earmark funds and where the use

of public funds is simply required to be used on “campaign spending”, “party activities” or “party goals/programmes”. These are very broad categories, and more specific language can be used to promote specific goals and values.

By contrast, the Netherlands earmark public funds for “political training and educational activities, dissemination of information, maintaining contacts with and engaging in training and education of sister parties outside the country, political-scientific activities, promoting the political participation of young people, member canvassing, involving non-member in activities of the party, canvassing, selections and guidance of holders of political office on top of activities related with electoral campaigns.” (Art 7.2 of the Law on Financing of Political Parties).

Beyond earmarking the use of funds, conditions can be set to promote diversity with a direct impact on the amount of public funding given to political parties.

For instance, Irish political parties stand to lose 50% of their public funding unless at least 30% of candidates are women and 30% are men, with a planned increase to 40%. Likewise, in Portugal, parties lose up to 80% of their public funding if women do not make up a third of candidates.

Conversely, some countries favour bonuses as an incentive for gender balance. For instance, in Croatia, parties are entitled to a 10% bonus on their public funding for each elected female Member of Parliament. Romania also increases public subsidies for political parties placing women in eligible positions.

Studies indicate that both punitive and rewarding measures contribute to increasing gender balance. However, in order to be effective, sanctions need to be strictly enforced, proportionate and dissuasive.

The EU can draw from these cases but it is difficult to copy-paste them. For instance, conditionality on public funds could theoretically be used to circumvent the needed reform of the EU's electoral law in order to implement gender-

alternate lists. European parties could be fined if they failed to reach a 50/50 gender ratio, which could only be ensured by providing gender-alternate lists in all countries.

However, national parties are the ones choosing candidates, while the sanction would affect European parties. And, in the same manner as the Commission has experienced difficulties in constraining national executives to provide both male and female candidates as commissioners, it is likely that national parties would let European bear the sanctions if that meant keeping their list-making independence. Therefore, a reform of the EU's electoral law remains a better option.

Conditionality could be used more successfully to influence the leadership of European parties. Despite differences in structures, European parties have in common the presence of a senior leadership (a President, usually more than one Vice-President, a Secretary-General, and a Treasurer), as well as a collegial body gathering representatives of member parties. The former, the latter, or both can be required to be gender-balanced under penalty of sanctions. Sanctions could be a simple flat cut in public funding (for instance a 20% cut in the total amount) or a progressive system where the rate increases with gender disparity.

## Electoral and Referendum Campaigns

From candidate selection to manifesto drafting, to actual on-the-ground campaigning, political parties are central actors of electoral and referendum campaigns.

Relevant rules for EU elections are found in the [1976 EU Electoral Act](#) (Council Decision 76/787/EEC, EEC, Euratom) updated repeatedly and as recently as 2018, through Council Decision 2018/994.

Applicable rules in the Regulation on European parties are found in [Article 21](#) and, indirectly, in [Article 22](#).

As seen before, European parties may finance campaigns for elections to the European Parliament in which they or their members participate.

However, they are expressly forbidden from directly or indirectly funding other political parties and candidates. In practical terms, this drastically limits their role in European elections and prevents any funding of — and therefore any role in — national or sub-national electoral campaigns. European parties are also forbidden from financing referendum campaigns.

Reforms to implement the recommendations below will require changes in both the Electoral Act and the Regulation on European parties. While this report does not focus on the reform of European elections, provisions in the Electoral Act do relate to European parties and should be amended accordingly in order to strengthen the role of European parties.

**Our Goal:**

Through the reform of European parties' role in electoral and referendum campaigns, [increase their presence at this crucial moment of the EU's political life, and ensure that European elections centre around European topics](#) with coherent proposals for citizens across Europe.

## Recommendation 4.1: Give European parties a central role in European elections

This first recommendation is rather symbolic, but it aims at making a clear statement, as the “Party article” had previously done. If we wish to see European parties at the heart of the European political system, we must start by placing them at the heart of European elections.

Currently, the role of European parties in European elections is mentioned only indirectly in the Regulation on European parties, indicating that they “may finance” campaigns, and only in passing in the EU Electoral Act.

Instead, a declaratory article, both in the Regulation on European parties and the EU Electoral Act, should state clearly that the responsibility for preparing, organising and running electoral campaigns to the European Parliament falls first and foremost with European parties.

While not changing matters on the ground, such an article would provide a strong legal basis for the involvement of European parties.

## Recommendation 4.2: Allow European parties to fund national politics

This recommendation, from the point of view of European elections, mirrors Recommendation 3.2 made from the perspective of the best use of EU public funding.

Time and again, European elections have shown to be second-order elections and to serve as polls on incumbent national governments' popularity. Even though European topics may be more on the agenda than a decade ago, they remain mixed with national questions and tainted with a national perspective. More often than not, national politicians discuss what their country should say at the European level (mostly in the Council), instead of what policies they and their sister-parties would support in the European Parliament.

In order to make European elections about European affairs, campaigns — and, therefore, parties — must address a wider audience than the national one. Since the electoral arena for European elections is the Member State as a

single constituency (or sometimes regional constituencies, but nevertheless with a common nation-wide campaign), it is the message itself that must speak to a broader group than the nation-State.

This mirrors federal systems, from Germany's Bundestag elections to American primaries, presidential races and mid-terms, where campaigning and voting is indeed done at the State or sub-State levels, but the campaign is run coherently across the entire national territory.

Therefore, in order to make European elections about European topics, we must not only clearly place European parties in charge (see Recommendation 4.1 above) but give them the means to be directly involved, including financially. Short of this, European and national politics will remain on parallel streams, and national politicians and parties, already controlling all the levers, will continue to respond only to national electorates and demands.

## Recommendation 4.3: Enforce a common manifesto for European elections

Manifestos are an essential part of electoral campaigns. Candidates may be the face of campaigns, but manifestos are — at least, in theory — what citizens are voting for, and what other parties and a vigilant press will hold a party's candidates against. They also often form the policy basis for parties' actions following the elections.

Current European elections see a split between European parties' manifestos, on the one hand, and national parties' manifestos on the other. While conventional wisdom would expect a clear consistency between the two, national parties have no requirement to follow European manifestos and almost always draft their own content, diverging from, ignoring, or even contradicting European manifestos. With campaigns run nationally, almost no mind is paid to European parties' manifestos.

Illustrations above have already highlighted the difference in depth and presentation between European and national manifestos for European elections

Recent exceptions exist, mostly from the 2019 European election: the European Green Party claims to have run on a single manifesto across Europe; DiEM25 developed its Europe-wide "European Spring" platform, although campaigns were often done in conjunction with national parties and using their own manifestos;

and Volt ran in eight countries under its single Amsterdam Declaration, translated into national languages. However, these remain the exception and not the rule.

As a means to increase the European character of European elections, and thereby promote the role of European parties, national parties affiliated to a European party could be required to use the manifesto developed by their European party. This is the logical follow-up of considering European parties as the parties actually running for European elections, and national parties as their relay in Member States (see also Recommendation 2.4 on limiting the number of affiliated parties to one per Member State).

Having a common platform across Europe would also reduce the asymmetry of information available to voters from different countries. Furthermore, far from dispossessing national parties from their right to contribute to the electoral manifesto, this would, on the opposite, encourage national parties to actively engage with European parties in the negotiations over and the drafting of their common manifesto.

Manifestos are not mentioned in the EU Electoral Act, and therefore fall under Article 8 leaving electoral procedures to national provisions. This reform therefore requires the addition of a related article in the Electoral Act.

## Recommendation 4.4: Request the selection of parties' Spitzenkandidat via primaries

The implementation of a robust Spitzenkandidat system is widely considered as an essential way to strengthen the EU's democracy: not only would it make the election more personalised, and therefore contribute to engage citizens in the election, but it would make the EU one important step closer to a true parliamentary democracy by linking the election of the lower house to control of the executive branch.

However, attempts in 2009 and 2014 have fallen short of mustering a true citizen engagement around the figure of the Spitzenkandidat. This result has a number of causes, including the fact that not all parties participated in this system, that campaigns remained controlled by national parties eager to publicise their own candidates (which we try and address through several other recommendations), that Member States

failed to support the Spitzenkandidat system, and owing to the nomination process of the Spitzenkandidaten by European parties.

Getting citizens interested in the Spitzenkandidat will require addressing all these issues, the most pressing of which being the assurance that the Spitzenkandidat of the winning party is given a fair chance to build a majority coalition and indeed become President of the European Commission. This point, however, is beyond the remit of this report.

From a party perspective, an important point to bolster the Spitzenkandidat system is to ensure that his or her nomination proceeds from an inclusive party process, instead of resting on behind-closed-doors congresses away from the public eye.

For this, we recommend, as a counterpart to giving European parties a direct access to the EU's highest executive position, to require that the selection of a party's Spitzenkandidat be made by universal suffrage among the European party's individual members.

Alternatively, the Spitzenkandidat's selection could be made via a system of delegation,

whereby individual members would directly and locally elect a number of representatives that would proceed to select the party's Spitzenkandidat at a dedicated European party congress. This would require that the delegates remain close to citizens, and not be one or a just chosen at the Member State level.

By involving citizens in the choice of the Spitzenkandidat, not only do we increase citizens' role in the selection of the EU's leaders, but we strengthen the link between citizens and European parties, and provide an additional incentive for citizens to join European parties.

Of course, this recommendation echoes Recommendation 2.3 asking for European parties' leadership to be chosen by individual members. And here too, there is a risk that European parties may try and restrict their individual membership so as to perpetuate control over the choice of the Spitzenkandidat. For this purpose, the requirement can be drafted so as to encompass all individual members of a European party's affiliated parties, with provisions to avoid double voting.

The reform requires the addition of a related article the EU Electoral Act.

## Recommendation 4.5: Give the Commissioner nomination competence to winning parties

In a typical system of parliamentary democracy, the leadership of the executive branch stems from the majority party or coalition in the legislature.

Currently, the leadership of the EU's executive is nominated by the Union's intergovernmental organ, the European Council, and only later confirmed by the legislature. We have already mentioned how the Spitzenkandidat experiment is attempting to amend this system by getting the intergovernmental body to willingly curtail its nominating power and agree to nominate — depending on the Spitzenkandidat system's actual designed — the Spitzenkandidat of the leading or majority party/coalition as President-elect of the European Commission.

However, the executive is more than just the President of the European Commission. In

regular parliamentary democracies, ministers are nominated by the Prime Minister and, depending on the institutional framework, need no confirmation at all or may need to be confirmed separately or collegially.

In the EU, however, the nomination of the commissioners (before the confirmation of the entire Commission by the European Parliament) is also an intergovernmental prerogative of the European Council. The legal basis for these nominations is similar to that of the choice of the President-elect of the Commission. Article 17(7) of the Treaty on European Union reads:

"The Council, by common accord with the President-elect, shall adopt the list of the other persons whom it proposes for appointment as members of the Commission. They shall be selected, on

	2019 European Elections	Council		2019 European Elections	Council
Austria	ÖVP	ÖVP	Italy	Lega	-
Belgium	CD&V-CDH-CSP, Open VLD-MR	MR	Latvia	V, Saskaņa, NA	V
Bulgaria	GERB-DSB	GERB	Lithuania	TS-LKD-Mažeikiai	-
Croatia	HDZ	HDZ	Luxembourg	CSV, DP	DP
Cyprus	DISY, EDEK-DIKO	DISY	Malta	PL	PL
Czech Republic	ANO	ANO	Netherlands	CDA-50+-CU, PvdA, D66-VVD	VVD
Denmark	V-B	S	Poland	PiS-SP	PiS
Estonia	RE-EK	EK	Portugal	PS	PS
Finland	Kok., KesK.-SFP	SDP	Romania	PNL-UDMR-PMP	-
France	RN	LREM	Slovakia	SPOLU-KDH-OL'aNO	Smer-SD
Germany	CSU/CDU	CDU	Slovenia	SDS-SLS-Nsi	SDS
Greece	ND	ND	Spain	PSOE	PSOE
Hungary	Fidesz-KDNP	Fidesz	Sweden	M-KD	SAP
Ireland	FG, I4C-SF-Flanagan	FG	United Kingdom	Brexit Party	Conservative

Comparison between the leading parties for the 2019 European elections with parties represented in the European Council (leading parties for EU elections were grouped together as coalitions according to European party membership)

the basis of the suggestions made by Member States”.

It went without saying that Member States would, in practice, make suggestions each for their "own" commissioner.

Short of a choice directly made by the President-elect, which would need treaty change in order to be durable, the logic for the nomination of the commissioners is identical to the one leading to the nomination of the President-elect of the Commission: the results of the European elections should be fully taken into account and the choice of European leaders should derive not from national executives elected on national platforms, but from European representatives elected on a European project.

From there follow several possibilities, including:

- Commissioners, one per Member State, are proposed by the party or coalition winning the European elections (in effect, the same party/coalition whose Spitzenkandidat became President-elect);

- Commissioners are proposed following votes by national delegations of MEPs, with each national delegation proposing one of its nationals; or
- Commissioners are proposed, in each Member State, either by the leading party or coalition, or by a party or coalition gathering a majority of the vote.

This strengthened link between the result of the election and the composition of the Commission would further politicise the European election, since voters would know that the party winning the election gets supplementary competencies in leader selection. It would also be a chance for European parties to designate a shadow government alongside its Spitzenkandidat.

While these proposals may seem radical, they are merely an extension of the Spitzenkandidat reasoning to the college of Commissioners, and would broaden the legitimacy of the Commission as a whole.<sup>29</sup> Therefore, the likelihood that Council members would agree to give up their nomination prerogative for

<sup>29</sup> A clear example of the disconnect between the result of European elections and the composition of the Commission took place in 2009 in Hungary. While the Hungarian Socialist Party was in government, Fidesz received 56% of the vote, far ahead of the Socialists' 17%. Nevertheless, the socialist government proceeded to nominating its commissioner. Whatever we may think of the Socialists and Fidesz, this disconnect can only contribute to reinforcing the popular impression that European elections are free of consequences for the government, and of no importance for the citizens.

individual commissioners is the same as their willingness to give their nomination prerogative for the President of the Commission.

Since the topic of the Spitzenkandidat system should feature prominently in the upcoming

[Conference on the Future of Europe](#), it would be useful to extend its principle to the Commission as a whole and propose these two reforms together.

## Visibility for citizens and transparency

As seen in the section on political parties' functions in representative democracies, political parties hold several roles that directly bring them in contact with citizens.

National legislations reflect this by having citizens be members of parties and hold rights within these parties, and by allowing parties to speak directly to citizens who, in turn, vote for them.

Applicable rules for European parties are found in [Articles 18, 22](#) and [31-32](#) of the Regulation.

According to [Article 18](#), in order to apply for funding, European parties must demonstrate that their member parties publish on their websites, in a clearly visible and user-friendly manner, the political programme and logo of the European political party.

As we have seen, [Article 22](#) expressly forbids European parties from engaging in national politics.

[Article 31](#) allows European parties, in the context of EP elections, to inform citizens of the affiliations between national parties and candidates and themselves.

Finally, [Article 32](#) focuses on transparency. It indicates that specific information shall be made public on a dedicated website, including the names and statutes of registered European parties, as well as other documents required for registration; their affiliated MEPs and member parties; amounts paid annually to European parties and their financial statements and audits; the names of donors and their donations (above a certain level); the contributions of parties' members, and sanctions.

### Our Goal:

Through the reform of the EU's party visibility and transparency, [raise a general awareness of European parties among citizens](#) and ensure that voters better understand who they support at the polls.

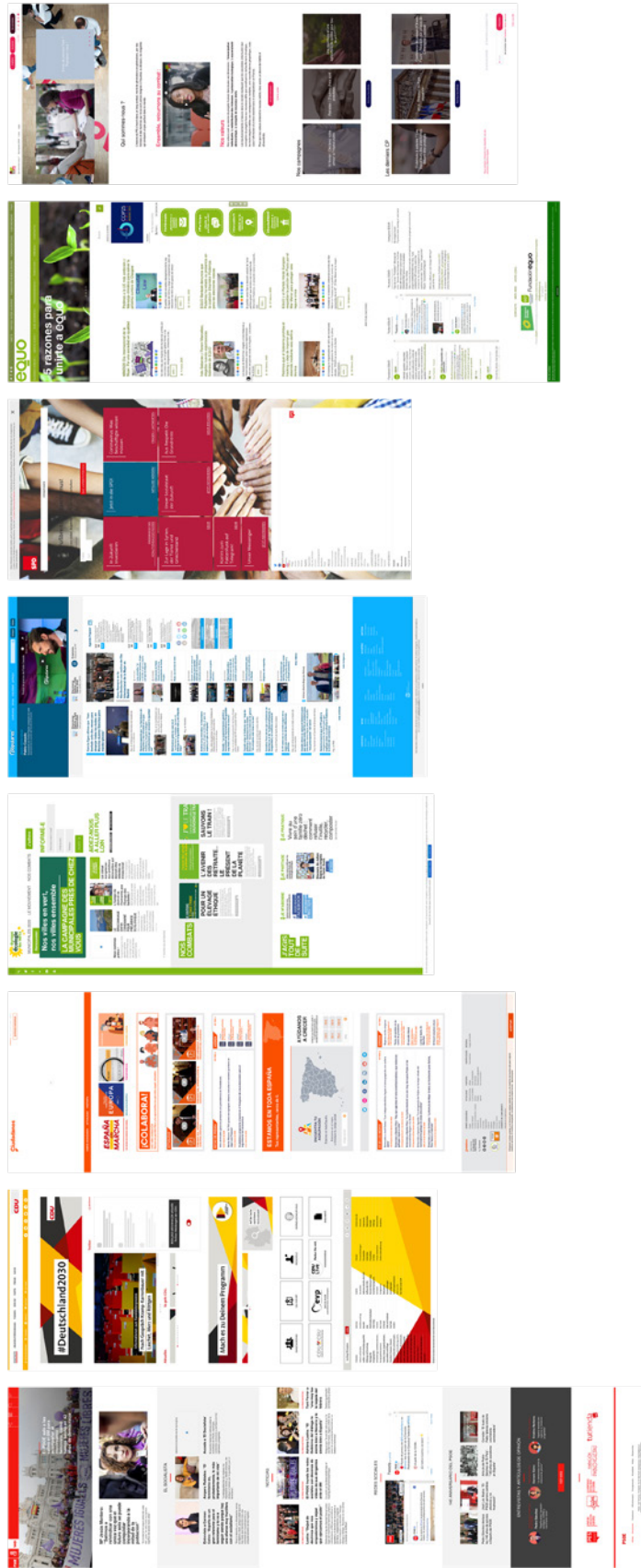
### Recommendation 5.1: Ensure the visible display of European parties' logo on affiliated parties' websites

While television and social networks are primary sources of information on politics and political parties (through, respectively, the news and advertisement), websites remain the go-to reference for citizens seeking information about political parties.

Mindful of this, Regulation 2018/673 amending the Regulation on European parties added, in

Article 18 on applications for funding, paragraph 2a, reading:

"A European political party shall include in its application evidence demonstrating that its EU member parties have, as a rule, published on their websites, in a clearly visible and user-friendly manner, throughout the



Websites of prominent national political parties

Most fail to indicate any affiliation to their European party and, even when displayed, affiliation does not meet the "clear and user-friendly" criteria.



12 months preceding the final date for submission of applications, the political programme and logo of the European political party.”

A quick review of national parties' websites easily shows that § 2a is often not enforced; even when it is, the language of Article 18(2a) is not specific enough and, in practice, does not contribute to the visibility of European parties.

Modern websites often use long-page designs and political parties have often seized this opportunity to place the logo of their European party of affiliation at the very bottom of their homepage: visible, yes, user-friendly, yes, but in reality seen by none.

In order to ensure the real purpose of this provision, Art. 18 § 2a should be rewritten as follows:

“A European political party shall

include, in its application, evidence demonstrating that its EU member parties have, as a rule, published on their websites, throughout the 12 months preceding the final date for submission of applications, the political programme and logo of the European political party. The political programme of the European political party shall be clearly visible, in a manner commensurate with the member party's programme. The logo of the European political party shall be adjacent to the logo of the member party and of the same size.”

This precision should ensure that European parties are given sufficient visibility and can be considered the online equivalent of the protocol rule of displaying the national and European flags together, instead of in front of each other or on opposite sides of a room.

## Recommendation 5.2: Ensure the visible display of European parties' logo on member parties' propaganda

Since the visibility of European parties is an essential element in building up their existence in the mind of citizens, we cannot stop at online visibility.

With a similar reasoning as for the previous recommendation, we must get national parties to clearly and visibly display their affiliation to European parties at all times. A first step is to require this display on campaign material for European elections.

However, if we mean for European politics to become interwoven in national politics and part of citizens' daily lives, then we cannot limit

the proximity of national and European parties to limited electoral periods every five years. Instead, this requirement must become a permanent feature and apply to all of national parties' propaganda material.

This reform would require the addition of a new paragraph 2b to Article 18 of the Regulation on European parties.

Understandably, this provision may be partially waved should the national party adopt the logo of its European party of affiliation — only a mention of the European party's name would then be required.

## Recommendation 5.3: Ensure the display of European parties' logo on ballots for European elections

This recommendation is a continuation on the previous theme of increasing the visibility of European parties for citizens, this time in the specific context of European elections.

In November 2015, a report of the European

Parliament on the EU's electoral law, co-written by MEP Jo Leinen, proposed that ballot papers used in the European elections give equal visibility to the national parties and to their European party of affiliation.

In 2018, Council Decision 2018/994 amending the EU Electoral Act inserted Article 3b, reading:

"Member States may allow for the display, on ballot papers, of the name or logo of the European political party to which the national political party or individual candidate is affiliated."

However, not only does this phrasing not create any obligation, but, in as many as in 16 Member States, the inclusion of additional information on

a ballot is still explicitly prohibited, meaning that any mention of the affiliation of a national party or candidate to a European party is not legal.

Along with many other provisions of the EU Electoral Act, Article 3b must therefore be amended in order to *request* that ballots for European elections display the name and logo of the European party to which national parties and candidates are affiliated. Ultimately, the goal must be to entirely replace the national party's logo with that of the European party.

## Recommendation 5.4: Enhance the APPF's role, capacity and resources for increased visibility and transparency

While national parties' propaganda and websites can be leveraged to increase the visibility of the link between them and their European party of affiliation, a clear and user-friendly public source of information would largely contribute to a better understanding of the identity and role of European parties by researchers, the press, and the public at large.

As the entity in charge of "registering, controlling and imposing sanctions on European political parties", the Authority for European political parties and European political foundations (APPF) is the natural choice as the provider of this public information. Here are some specific items for reform.

### Sub-Recommendation 5.4.1: Give the APPF a clear role in the public visibility of European parties

Under Article 6.3 § 8 of the Regulation on European parties, the European Parliament, the Council and the Commission (together referred to as the "appointing authority") "may assign the Director to other tasks provided that such tasks are not incompatible with the workload resulting from his or her duties as Director of the Authority". This recommendation falls under this provision.

Therefore, a review of the Regulation on European parties should entrust the APPF with a clear mission of impartial public information concerning European parties and the European

party system. This declaratory element would serve as the basis for a new range of activities by the APPF.

Pursuant to this mission, the APPF would be tasked to go beyond its current requirement to display information on its website and actively engage with civil society and the public to increase public knowledge of European parties and of the European party system.

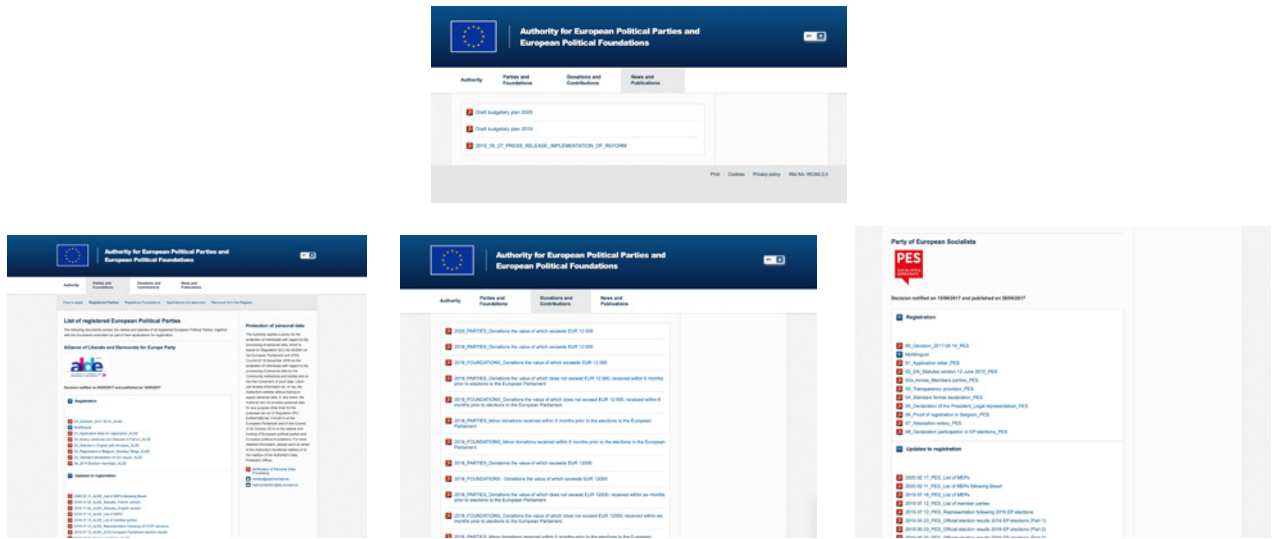
Accordingly, this increase in the APPF's role must be accompanied with a supplementary endowment in resources for it to appropriately carry out this mission.

### Sub-Recommendation 5.4.2: Redesign and expand the APPF's website for increased visibility and transparency on European parties

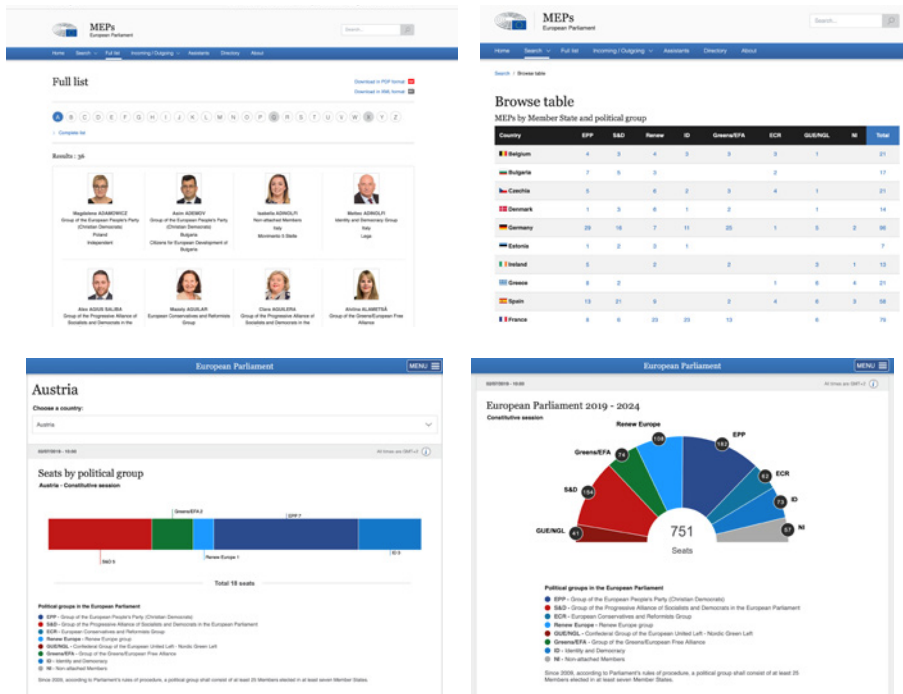
The first implementation of the above mission lies with the APPF's website.

Article 32.1 already lists information to be made public on a dedicated website. However, there are clear issues of completeness and quality in the implementation of this article.

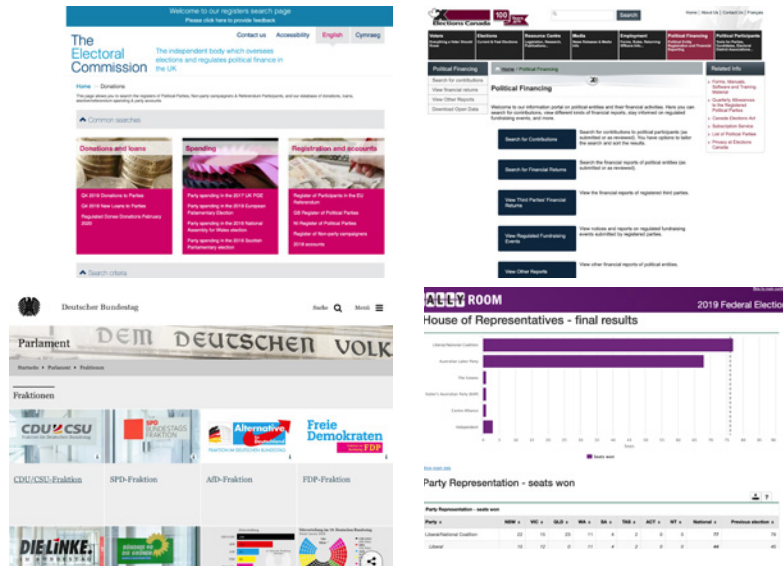
First of all, Article 32.1 reads: "The European Parliament shall make public, under the authority of its Authorising Officer or under that of the Authority, on a website created for that purpose, the following", followed by a list of information to be made available.



Screen captures from the website of the APPF  
Information fails to meet any criteria of clearliness and user-friendliness.



Screen captures from the website of the European Parliament  
Information about MEPs, their parliamentary groups of affiliation, and electoral results, by group overall and broken down by country, is presented in a much clearer fashion.



Screen captures from relevant websites in the UK, Canada, Germany and Australia. Examples about of election- and party-related websites providing citizens with clear and usable information, including visually appealing designs and relevant databases in downloadable and open formats.

The language of this provision makes it clear that a single, dedicated website will provide all the information referred to.

However, while most of the information is indeed stored on the APPF’s website, as seems most obvious, certain required elements are missing. For instance, element (c) requires “an annual report with a table of the amounts paid to each European political party”. This is the amount of public funding given to European parties. This crucial information is not located on the APPF’s website, but instead on the European Parliament’s website, hidden away under its “Other websites” and “Contracts and Grants” section.

Likewise, financial statements, external audits, and technical support provided to European parties (respectively mentioned in element (d) and (i)) are not on the APPF’s website, but on the website of the European Parliament and only until 2017 and 2018. Reporting on donations above €3,000 seems left to the willingness of the European parties.<sup>30</sup>

Furthermore, as in the case of Recommendation 5.1, a second issue relates to the quality of the transparency provisions’ implementation. Part

of the information required to be made public can indeed be found on the website of the APPF, but its display falls far short of any self-respecting criteria of user-friendliness.

In particular, most of the information is published as scanned PDFs (preventing the automatic analysis of text and figures), and with no common template. As a result, every European party providing information uses its own format, further limiting the easy comparison of members, vote results, or financial information.

For the sake of making little-known entities, such as European parties, better known to the public and more available to the press and researchers, the importance of the user-friendliness of public information simply cannot be understated.

Above is a brief overview of the current website of the APPF, and, for comparison, similar information found on the website of the European Parliament for its political groups, as well as on relevant websites from sister organisations in other countries.

A dialogue must be held with the Director of the APPF in order to identify the resources needed for such an improvement of its website.

30 Some parties have included their donations in their financial statements, while others have not. No information post-2017 is available. The APPF provides information on donations since 2018, but only those over €12,000 and minor donations received within six months of the European election. There seem to be no donations between €3,000 and €12,000.

### Sub-Recommendation 5.4.3: Expand and improve data reporting by European parties

As indicated above, data provided by the APPF on its website is not user-friendly. The concept of user-friendliness is not just a gimmick for users, but instead ensures that the data provided can easily and efficiently be exploited by data scientists and the press. In turn, this analysis is essential for a proper understanding and monitoring of European parties and of the trends affecting them. Given the role of political parties and of the public funds they receive, this reporting contributes to the transparency of our democracy.

Most modern States have adopted guidelines for the clear publication of information and data relating to political parties. Prior to the appropriate design of a public interface, this reporting process requires data providers (here, political parties) to use common and data-friendly templates.

The APPF must therefore be tasked with developing and making public relevant templates, as well as the data provided using these templates. They must be designed and provided to European parties as early as possible, with accompanying manuals, and preferably before the beginning of the reporting period, so that parties may be fully prepared for the requirements imposed upon them.

Among others, this data should include information on party leaders, party members, affiliated parties and MEPs, itemised public and private funds received, amounts of individual private donations and identity of donors,<sup>31</sup> and itemised use of resources by category of expenditure. Part of this information is already required of European parties but without necessary requirements on the reporting format.

Beyond European parties themselves, the APPF should receive and make available electoral information from the EU's national electoral commissions, so as to get a better understanding of the electoral performance of each European party through its affiliated parties.

<sup>31</sup> Information on the identity of private donors, as is currently the case, must be communicated to the APPF but only made publicly available above a given amount (currently above €3,000, and above €1,500 with explicit consent from the donor).

A dialogue must be held with the Director of the APPF in order to identify the resources needed for such an improvement in its reporting.

### Sub-Recommendation 5.4.4: Increase transparency about the APPF's own work

Beyond increasing the visibility of European parties and of the European party system, it is important, for the sake of transparency and of citizens' information, that the APPF's own work be transparent.

For an organisation, transparency begins with the availability of information on its structure, functioning, senior leadership and staff, activity reports, and financial statements, including revenue and expenditure. Surprisingly, the website of the APPF is even more obscure about its own work than it is about European parties.

For instance, the APPF's website indicates its legal basis but limits it to extracts from Regulation 1141/2014. Beyond a link to their text, the page makes no mention of Regulations 2018/673 and 2019/493, and no background information is provided about European parties and foundations.

Likewise, the website does not provide any information on the APPF's senior leadership (beyond the name of its Director), no organisation chart, no yearly activity reports, and its financial information is limited to draft budgets for 2019 and 2020. In addition to these two documents, the "news and publications" section only lists a single press release from 2018.

In order to increase public awareness and invite scrutiny into European parties, it is essential that the APPF not only provide supplementary, more detailed and user-friendly information about European political parties, but first and foremost about itself, its functioning, and the work it has been conducting since its inception.

A dialogue must be held with the Director of the APPF in order to identify the resources needed for such an improvement in the broadcasting of its work.

### Sub-Recommendation 5.4.5: Organise outreach public events to broaden knowledge of European parties

Beyond the visibility of information and the user-friendliness of its data provision, the APPF's mission relating to the public visibility of European parties and of the European party system must include public events.

In election periods, the media is often required to ensure an equal speaking time for candidates and parties. Public media is also often called upon to ensure the visibility of candidates and parties through dedicated interviews and debates.

Likewise, the APPF should be mandated to hold public and recorded events contributing to the visibility of European parties. These could include interviews, panels, round tables, debates, etc. Close attention would be paid to ensure a fair treatment of European parties.

With time, these public events would contribute to a better visibility of European parties and allow a stronger media presence of party leaders, and not simply of leaders of parliamentary groups.

A dialogue must be held with the Director of the APPF in order to identify the resources needed for such outreach activities.

### Sub-Recommendation 5.4.6: Increase the budget of the APPF

All the recommendations above highlight the need to increase the work of the APPF in several

areas. It is well understood that this increase in responsibilities, activities and output are bound to require supplementary funding.

This is particularly evident when comparing the funds available to the APPF with funds available to other similar organisations. Of course, the comparison is not always straightforward, since the attributions and scope of work of these entities vary greatly, while some are part of their country's legislature and do not receive separate funding.

However, France's *Commission nationale des comptes de campagne et des financements politiques* comes very close to the work conducted by the APPF. In 2018, its annual budget was €7.6m. Endowed with larger powers and responsibilities, the UK Electoral Commission received, for the fiscal year 2019-20, £18.7m.

By comparison, the APPF's draft budget for 2020 indicated €1.2m in direct support from the European Parliament (including staff, language services, training, building and IT costs, missions, and documentation services) and €285,000 as a separate appropriation for "professional trainings, purchase of software and hardware, acquisition of expertise and advice, legal costs and damages, documentation and outreach activities, as well as other costs, including administrative costs."

Considering the work it is tasked with, the work it ought to be responsible for, and the multiplicity of EU official languages, the APPF is severely underfunded.

## Sanctions

Public confidence in political parties has been eroded by a number of factors, among which feature prominently scandals of corruption and embezzlement of public funds. Sanctions are in place in all countries, but their efficiency varies greatly based on the type of sanctions in place and their level of effective implementation.

Applicable rules for European parties are found mainly in [Articles 27 and 27a](#) of the Regulation.

The APPF is empowered to remove a party from the Register and impose financial sanctions in a number of cases.

Under [Article 27](#), a party may be removed from the Register if convicted of illegal activities detrimental to the financial interests of the Union, if it no longer fulfils one or more of the registration conditions, if incorrect or misleading information led to the registration of the party, or

if a request for deregistration by a Member State is accepted.

Financial sanctions can be imposed for a wide number of bases, including failure to report or update information, failure to disclose donors and donations, reports of false or misleading information, acceptance of illegal donations or contributions, and in case of illegal activities. Repeated infringement carry the threat of exclusion from EU public funding for up to 10 years.

In case of non-quantifiable infringements, financial sanctions are a percentage of the party's annual budget, starting at 5% and increasing with concurrent and repeated infringements, up to 50% in case of illegal activities. For quantifiable infringements, financial sanctions are a percentage of the irregular sums received or not reported, ranging from 100% to 300% of the sums in question, but only up to 10% of a party's annual budget.

Sanctions are subject to a limitation period of five years.

Article 27a targets the personal responsibility of member of the administrative, management or supervisory body of the party, or individuals with powers of representation, decision or control. This is applicable to individuals found responsible for the illegal activities for which a party is convicted, and to those responsible for conduct or inaccuracies targeted by sanctions.

While required to do so Article 32.1 (g), the APPF provides no information on sanctions on its website, leading to believe that it has never imposed sanctions on any European party since 2004.

#### Our Goal:

Through the reform of the EU's party sanction regime, [ensure a more dissuasive system and guarantee the integrity of European politics](#) with regards to European parties.

## Recommendation 6.1: Set up a more effective and dissuasive framework of sanctions

Reviews of sanction frameworks for national political parties indicate that overly harsh sanctions are mostly ineffective, as they are seldom implemented. The key for a properly-functioning sanctions regime is to be enforceable, proportionate and dissuasive.

In particular, the OSCE's Office for Democratic Institutions and Human Rights recommends "the loss of all or part of public subsidies for irregularities in financial reporting, non-compliance with financial-reporting regulations or improper use of public funds".

The sanctions regime of Article 27 does provide for a progressive system of sanctions and focuses on financial sanctions. However, several recommendations can be made.

Firstly, according to Article 27.4 (b), quantifiable infringements for sums not exceeding €50,000 incur a financial sanctions of 100% of the irregular sums received or not reported. As indicated at

the end of this paragraph, "for the application of the percentages indicated above, each donation or contribution shall be considered separately." Given their usual amounts, most contributions and donations made to European parties would fall under this threshold, meaning parties only need to pay their ill-gotten amounts as a fine. This is an overly-lenient fine and it is recommended that sanctions start, at least, at 200% of the irregular sums received or not reported.

Secondly, sanctions for non-quantifiable infringements amount to 5 or 7.5% of a party's annual budget,<sup>32</sup> while sanctions for quantifiable infringements top at 10% of a party's annual budget. These are particularly low amounts when compared with previously mentioned financial sanctions (see Recommendation 3.7) and these amounts ought to be raised in order to prove dissuasive.

Thirdly, according to Article 27.3, the Authorising

<sup>32</sup> But 50% of the annual budget of the European political party when it has been found to have engaged in illegal activities detrimental to the financial interests of the Union.

Officer of the European Parliament — and not the APPF — is empowered to exclude a European party from future Union funding. For greater consistency, it is important that the APPF be given the power to exclude European parties from public funding in explicit cases. This is in line with Recommendation 3.1 proposing to place European public funding under the purview of the APPF.

Fourthly, Article 27a provides for the responsibility of certain natural persons ("member of the administrative, management or supervisory body [...] or who has powers of representation, decision or control"). However, this only applies in

the case of financial sanctions for the purpose of their recovery. It is important to ensure that, for repeated infringements, the persons deemed responsible be barred from exercising leadership functions within European parties.

Finally, Article 27.6 indicates a statute of limitation of 5 years for the sanctions regime. This is most likely an issue of slightly lesser importance, but, given, on the one hand, the importance of public probity when handling public funds, and, on the other, the seemingly low level of surveillance on European parties, it would be useful to extend this period to 8 to 10 years, in line with stricter control regimes found in other countries.

## Recommendation 6.2: Strengthen the role of the APPF in controlling European parties

Article 24.1 states that "control of compliance by European political parties [...] shall be exercised, in cooperation, by the Authority, by the Authorising Officer of the European Parliament and by the competent Member States." Articles 25.6 and 25.7 further authorise the Court of Auditors, the Authorising Officer of the European Parliament and OLAF, but not the APPF, to carry out the necessary checks and on-the-spot verifications.

In its report on political party finance, ODIHR finds that the most powerful oversight authorities in the EU are the British Electoral Commission and, especially, the Latvian KNAB. Both have the power to make binding regulations to political parties; to issue regulations to clarify and harmonise political finance procedures; to impose sanctions not only on political parties, but also on third parties in relation to funding activities; to instruct party officials, financial officers and even private

agents with commercial party links to give or clarify evidence; and to refer cases dealing with financial irregularities to the competent judicial authority. The KNAB is further empowered to initiate judicial procedures, by intervening in the instruction of the matter.

Should the role of European parties come to expand, it would be appropriate to give the APPF a prominent role in the oversight of European parties, and to strengthen its role and endow it with necessary inspection powers. This is aimed at preventing problems relating to lack of institutional cooperation, and at improving the standardisation of training and expertise on the auditing of political finance. This increase in the role of the APPF will need to be accompanied with the provision of sufficient resources, including financial resources and specialised staff.



## CONCLUSION

The smooth functioning of modern representative democracies requires more than the mere presence of political parties; it requires an open, coherent and responsive party system.

Such party systems rely heavily on interactions between parties themselves, and between parties and institutions and citizens. Their component parties compete among themselves for elections and in Parliament, gain control of institutions, and engage in a continued exchange with citizens.

At the European level, the adoption of a Regulation on European parties has successfully created independent parties out of parliamentary groups. This is an undeniable and indispensable progress for European politics and the representation of citizens.

However, the mere existence of these European parties does not ensure the existence of a viable party system and, in effect, the EU has so far failed to develop a true system of competition between parties — instead leaving most of the limited spotlight to parliamentary groups. European parties do not engage with citizens, are absent from European elections, and do not gain institutional control through these elections, with the Commission remaining mostly apolitical and party-neutral.

Yet, there are reasons for hope, as the structure of European parties is compatible with the political landscape found in European Member States, and, beyond the required political will, there does not seem to be any definitive obstacle to the formation of a true European party system. Reform is direly needed, but can be achieved.

Since political party systems, and the relationships between the various levels of these systems, tend to reflect the institutional structure of the political system in which they operate, a firm and solid ground for European parties will require an overhaul of the EU's institutions so as to place citizens and democracy at the heart of our decision-making process, instead of Member States and unanimity. In the end, treaty change is an absolute requirement for a true European democracy.

Nevertheless, much can be achieved in the EU's current framework, provided we are willing to consider *first* the interest of the citizens. Successive amendments of the Regulation on European parties have so far failed to tear down their "parties of parties" structure, but incentives can be set in place to encourage national parties to become active players in shaping a new party system.

This report was conceived as a self-contained document, aiming to provide, at once, necessary background information on political parties in general and on European parties in particular, a structured rationale to drive our reform effort, a clear analysis of stakeholders' positions, and concrete and actionable reform proposals.

Adopting the 35 proposals included in this report will not be easy. As we have indicated, there will be opposition, both ideological and motivated by self-interest, by stakeholders benefiting from the current system or fearful of its change. But the timing of this report plays in our favour.

By the end of next year, the European Parliament will be required to report on the application of the Regulation on European parties. This

report should indicate possible amendments to be made to the statute on European parties and to their funding system. Within six months, the European Commission will table its own report and, if applicable, its legislative proposals. This mandated discussion will be a welcome opportunity to take stock of the Regulation's clear shortcomings and to discuss ways forward.

But a reform this important should not wait this long, and the upcoming Conference on the Future of Europe, whatever shape it takes, is a natural forum for these proposals to be heard and discussed. Whether or not it leads to treaty reform, its clear goal to enhance the EU's inner workings and to bring it closer to citizens are perfectly in line with the values of the proposed reform.

Furthermore, other efforts at reform during the Conference, including of the EU's electoral system, can be complementary to our own efforts focusing on European parties. For instance, the needed adoption of the Spitzenkandidat system bears close ties to European parties and can work hand-in-hand with their strengthening and

the coalescence of European elections around a coherent political offer guided by European parties. A more thorough electoral reform is greatly needed, but the Spitzenkandidat system may already provide a welcome impetus for the development of European parties.

Taken together, these reform proposals hold the potential to dramatically reframe the connection between European citizens, their representatives, and their common government. By empowering European parties and giving them the possibility and means to engage with citizens and to offer coherent and comprehensive political proposals, we set the stage for the most profound revolution of European politics since the adoption of the universal suffrage, forty years ago.

Such a change cannot be underestimated and, above all, it must not be feared. It carries the [hope](#) of a renewed legitimacy for our representatives. It carries the [hope](#) of a true connection between citizens and their common institutions. It carries the [hope](#) of a true European democracy.

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Louis has spent over seven years working for international organisations, including the United Nations, the European Union, and the Council of Europe. Through these positions, he has acquired a solid expertise in and knowledge of institutions and public policy.

In recent years, he has devoted an increasing part of his time to the reform of European institutions and governance. This included the drafting of a European constitution and the creation of a related non-profit, [EuropeanConstitution.eu](#), as well as a number of policy papers on the reform of European elections and European political parties.

Through [European Democracy Consulting](#), he brings his expertise to decision-makers, public institutions and NGOs seeking to promote a more democratic, more transparent and more efficient Europe.



# ABOUT EUROPEAN DEMOCRACY CONSULTING

European Democracy Consulting is a consulting firm specialising on the provision of legal and political expertise on institutional and constitutional matters. Our goal is the strengthening of European democracy through reform and the application of best-practice measures.

## Our History

European Democracy Consulting was created in 2019, out of the desire to improve our European democracy. The 2019 European elections have shown a renewed interest for our Union, but also the limits of citizens' engagement. Following these elections, European Democracy Consulting was set up to help decision-makers, public institutions, and NGOs in their promotion of a more democratic, transparent and efficient European Union.

## Our Vision

Democracy does not always come easy; there may be vested interests opposing its development. As a result, sixty years after its creation, the European Union still falls far short of the democratic standards of developed countries.

We wish to bring our solid expertise to support a value-based discussion and propose concrete political and legal solutions, based on best-practices, that will strengthen our common democracy for the general interest of all Europeans.

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