

State of the Union / By Hans Herbert von Arnim

## Party Time in Brussels

European democracies are dominated by parties. That means party laws are hugely important, and any flaws or changes to them are fiercely debated. It's surprising, then, that the new European Party Regulation—which threatens to turn Brussels into a cartel of government-funded parties—entered into force with nary a protest or debate.

The regulation provides EU subsidies for European-wide party alliances, initially €4.6 million per year. But the purse strings are controlled by the European Parliament, whose members belong to the parties receiving this money, so that figure could skyrocket soon. The EU Council has the authority to review Parliament's budget, but a gentleman's agreement between the two bodies means that power is rarely exercised. Making public scrutiny even more difficult, the parties' funding is buried in the budget as a lump sum.

Commenting on the regulation, the president of the Social Democratic group in the European Parliament, Martin Schulz, said the parties' funding will have to "start off small"—hardly a ringing endorsement for sustained restraint. And the experience of Mr. Schulz's homeland, Germany, indicates the figure won't remain small for long. After Germany in 1959 became the first European nation to subsidize political parties, the funding swelled to 38 million marks from five million marks in just six

years. It took a court order to keep the pot from ballooning to 90 million marks in 1966. Laws now act as a lid to the cookie jar in Germany and many other EU member nations, but not for the European Parliament.

The payments don't even go directly to real parties. Instead, they're channeled to umbrella organizations for like-minded parties, such as the Party of European Socialists and the European Liberal Democrats. The new regulation declares these groups to be "parties at the European level" for the sole purpose of claiming EU subsidies, even though they are far from conforming with the established minimum requirements for a political party in Europe. These standards aim to ensure a certain closeness between the party and the elector, but the alliances neither have citizens as members nor field candidates in elections.

So it is not really clear why these "money-collecting centers" need EU subsidies. It is even less understandable why national parties are not adequately funding their alliances; Germany and other EU member nations already provide subsidies for their parties in their national budgets. Insofar as public funds from the EU budget are intended to finance European elections, national subsidies should be cut correspondingly.

Parties at the European level must draw 25% of their funds from private sources, but

these "private" gifts can include donations from other political parties and "party taxes" paid by delegates, even if these are already financed out of public funds. Thus, party alliances can be financed up to 100% from public funds, turning them even more into artificial constructs. How are they to "express the political will of the citizens," as stipulated in Article 191 of the European Community Treaty as a necessary function of European parties? For this reason alone, the whole regulation lacks the necessary basis in European law.

Once established, the alliances keep the money largely among themselves. Like a cartel, they have set the hurdles for access to the EU funds so high that others hardly stand a chance. For example, a party can receive money from the EU budget only if it has delegates in the parliaments (national, regional or European) of at least seven EU member states. The party also must obtain at least 3% of the votes in European elections in seven member states. For a genuine European-wide party—composed not of entrenched national parties but actual citizens, and focused not on regional or national politics but only on European affairs—this is impossible to achieve.

The declared objective for setting the threshold at seven countries was to prevent alliances of radical parties from two or three member states from getting access to the Brussels funds. This justification, however, is not legally tenable. Parties that do not conform to democratic and constitutional principles do not receive money anyway; this is stated explicitly in the regulation. In truth, this criterion was designed to eliminate possible rivals of the established parties from the outset.

As for transparency, the Party Regulation again fails to deliver. The regulation allows donations up to only €12,000, and requires publication of all gifts over €500. This may sound reasonable, but only in theory; there are no legal sanctions if donations are not declared. Illegitimate donations do not have to be relinquished, nor are there fines. Splitting up large donations into smaller amounts to hide them from the public, according to the wording of the regulation, perfectly legal.

Citizens in EU member states who examine the European Party Regulation will find it deeply in conflict with many of their traditional standards for the financing of political parties. Fortunately, the European Court of Law is also unlikely to approve of the regulation, which already is the subject of a lawsuit. The principles of democracy, equality of opportunity and closeness to the citizens must be upheld in new European frameworks as they were in old ones.

*Mr. von Arnim teaches public and constitutional law at the German University of Administrative Sciences Speyer and has, together with Martin Schurig, just published the book "The EU Party Financing Regulation" (LIT publishers, Münster, 2004).*