

## Book review

Wouter Wolfs

### *European political parties and party finance reform: Funding democracy?*

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Diogo Vieira Ferreira

Universidade da Beira Interior

[diogo.v.ferreira@ubi.pt](mailto:diogo.v.ferreira@ubi.pt)

ORCID: 0000-0003-3126-9873



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Since the early 1990s, studies on European politics and democracy have shown concern about the lesser participation of supranational actors in European Union (EU) decision-making. That is especially true when it comes to the role of the European political parties (henceforth, Europarties) in European policymaking. Ranging from their influence in treaties' changes (Johansson, 2016; Lightfoot, 2003) to their role on nominating the *Spitzenkandidaten* (Put et al., 2016), there has always been a degree of uncertainty regarding the political activities of the Europarties, as in if they are true political parties *stricto sensu* or simply umbrella organisations of national parties.

While research focusing on Europarties throughout the last decade is well documented, the internal mechanisms and activities of the Europarties still leaves much room for analysis. As such, Wouter Wolfs offers us a deeper insight into the political life of the Europarties by focusing on party finance as the causal inference. As the author suggests, there is well established research on material benefits for national parties, but not so much for Europarties. In this way, the volume *European political parties and Party Finance Reform: Funding Democracy?*, based on research conducted during his PhD years, is a very interesting piece of knowledge that seeks to explain how party financing can both be a cause and consequence of the Europarties' internal

struggle for obtaining political legitimacy beyond what is written in the treaties. This volume is divided into 7 chapters.

The first chapter provides an introduction to the content of this volume. Opening with a quote from Jean-Claude Juncker (former president of the European Commission) about reforms of Europarty finance to make them more electorally active, Wolfs provides a background on the formation of the first Europarties and the European political foundations (EPF), the latter who will also be the analytical focus alongside the Europarties throughout the book. Then, the author explains the analytical framework about the introduction and changing regime of Europarty finance since the first regulation on financing Europarties introduced in 2003. He also claims the adoption of an actor-centric institutionalist approach throughout his research, in which he justifies this approach since “the funding rules provide a set of incentives and constraints that shape the organization and activities of the Europarties” (p. 9).

The second chapter showcases the introduction of party funding to the Europarties, dating all the way back to 2003, when the first regulation concerning the funding of European political parties was first implemented. What is interesting about this chapter is how that the cohesive action within the Europarties was undermined due to the very limited support they received from national members from the European Council, but it was thanks to the cohesive action from the internal members of the Europarties that allowed compromises to be taken to reorganise their structures and autonomy while establishing a stable source of financing from the EU budget. In other words, the “true” Europarty members, those that were not just representing a national party, were the ones to be able to compromise internal change, unlike the national party members (and national leaders) due to their fear of separating national interests from transnational ones. The normative introduction of Europarty (and European Political Foundation) funding, as concluded by Wolfs, was seen as a way, though overly ambitious, to democratise the EU with Europarties being categorised as “public utilities”, and to develop them internally while attempting to create a transnational party system.

The third chapter takes a deeper insight into Europarty funding. The first part of this chapter displays how Europarties use the public income they receive from the EU budget as a “revenue-maximising strategy” for their internal activity. Based on a temporal analysis of the four main Europarties —the EPP, PES, ALDE, and EGP<sup>1</sup>—, Wolfs offers us evidence that public funding to Europarties increased substantially since 2004 —from 8.8€ million in 2004 to 69€ million in 2021—. The rising number of funds has two justifications: to aid Europarties in campaigning for the European parliamentary elections, especially in 2014 and 2019, when they were able to nominate lead candidates for the position of European Commission president (*Spitzenkandidaten*); and due to the rise of the number of Europarties and foundations

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<sup>1</sup> Respectively: European People’s Party, Party of European Socialists, Alliance of Liberals and Democrats for Europe, and European Green Party.

eligible for EU funding, since the number of parties influences the subsidy amount that each party is entitled to.

The second part of the third chapter focuses on the consequence of the increasingly values of Europarty funding. Firstly, the author makes it clear that Europarty does not solely rely on public funding. 10% of its finance (5% for the foundations) are obtained from contributions by its members and via donations by legal and natural persons (see also European Parliament, 2022). Nevertheless, Wolfs shows there has been some constraints on Europarty income. On the one hand, fees from members who partake an auxiliary form of affiliation, in other words, are not granted full membership, can only provide donations and not member contributions. On the other hand, Europarties were no longer allowed to accept contributions from non-EU member parties. The latter can also be applied to member parties of the United Kingdom, as they are no longer part of the EU, which resulted in the Europarties missing “a substantial part of their own resources” (p. 79). To tackle the issue of income constraints, the Europarties insisted on more membership fees and using more their financial reserves.

The fourth chapter focuses on the eurosceptic position and influence on Europarty funding. Through a brief summary, Eurosceptics were, mostly, against the financing regime of the Europarties, justifying that the very core existence of Europarties is that they are simply artificial products of a utopian democratic process in the EU. Interestingly so, Wolfs points out that the number of eurosceptic Europarties started to emerge after the 2003 Europarty funding regulation, which means that the eurosceptic parties adopted a more pragmatic stance on Europarty funding since they also wanted to benefit from funding themselves. This statement could also receive an additional hypothesis: the 2004 EU enlargement process brought in several new member parties from the extreme sides of the left-right spectrum, which might also explain the increased number of eurosceptic Europarties and their members. Nevertheless, the author provides a clear set of research data that confirms that eurosceptic members were initially opposed to the funding regime of Europarties, but, eventually, gave in to the funding opportunities to follow their own ideological positions by using the resources on a more national level and promote more national interests (like subsidies being directed to national members parties).

In the fifth chapter, Wolfs attempts to examine the several reforms to the Europarty funding regulation, predominantly the 2007, 2014, 2018 and 2019 reforms. The first reform provided a higher flexibility on Europarties managing their funds, allowing them, for the first time, to use the EU budget to campaign transnationally for the European parliamentary elections. The 2014 reform saw the introduction of a legal personality for all registered European political parties and foundations, a new procedure to gain access to European subsidies (also, to be eligible for EU funding, a Europarty must have a minimum representation in the European Parliament of at least one MEP), as well as establishing the Authority for European political parties and European political foundations (APPF from here on) with the main function of registering, controlling and imposing sanctions on Europarties and the foundations.

The 2018 revision, suggested by Wolfs, was narrower in its scope, although it introduced several important institutional changes in the Europarties' structure. Perhaps the biggest change was that a European political party could no longer rely on individual members of parliament, but only on member parties for representation. In the same frame, it was highlighted that national parties could only be a member of one European political party, which would prevent cases of irregular Europarty membership.

The 2019 reform took place with the initiative of the European Commission, and the greatest change was allowing the APPF to detect, verify and sanction Europarties or foundations, in case they deliberately, or even attempt to, influence the outcome of the European parliamentary elections by misusing personal data<sup>2</sup>. Wolfs concludes, based on his research, that the reforms of the Europarty regulation were all working efforts by the Europarties, by MEPs and even by the European Commission. There was opposition, however, where countries without a history of party foundations were more hesitant to support funding for European political foundations and even several member-state governments were hesitant on many of the proposals due to the possibility of losing control on politics at the national level. The author pointed out that the reform mechanisms also produced a weakening effect of Europarty representation, mostly due to the introduction of high thresholds for smaller parties to join, and the strict formal separation between politics at national and European level which "hampers an effective enforcement of the EU's fundamental principles in a multi-level political system" (p. 223).

The sixth chapter takes a deeper analysis on the effects of funding on the internal changes of Europarties. The first section traces back to the formation of new eurosceptic parties in the aftermath of the 2003 Europarty regulation, where it was discussed last chapter. Wolfs asserts that that the new set of rules imposed by later reforms did not favour the entry of new member parties. Coupled with a set of high and exhaustive requirements, such as separate audit processes —one by the external auditors, a second by the administrative services of the European Parliament and a third by the AFFP—, the author suggests that the current design of the funding rules leads to a "petrification' of the party system" (p. 248), where it turns out to be more difficult for new parties to compete in the Europarty system.

The author provides examples of VOLT and DiEM25 (the former a pan-European political party and the latter a pan-European political movement) as potential candidates for representation at the European Parliament (EP) but the regulatory requirements make it extremely hard for these parties to belong in the EU's political space. Even if Europarties were able to campaign for European elections, the regulation (and its reforms) did not facilitate campaigning activity. One pertinent

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<sup>2</sup> According to the author: "It was a direct consequence of the revelations on the Facebook/Cambridge Analytica scandal in the Spring of 2018, which exposed that the company had collected data from millions of Facebook users that were subsequently used for political advertising in the presidential campaign of Donald Trump in 2016 and allegedly also in support of the Brexit campaign during the UK independence referendum." (p. 202).

example which Wolfs provides is that European political parties can only directly participate in the European elections through their national members, because only national parties (and members) can obtain seats at the EP. So, even when Europarties campaign, they are confronted with a diverging plethora of national campaign rules, making the European elections formally a sum of 27 national elections —referencing Reif & Schmitt's (1980) seminal article on these elections being second order national elections—. At the end of the day, “decision-making remains to a large extent dominated by the national member parties” (p. 269), where the finance regime has provided not only opportunities, but also restrictions on the internal organization of Europarties.

The author provides his final conclusions in the last chapter. Analysing the regulatory framework of the Europarties throughout the last decades, Wolfs argues that the subsidies provided for the Europarties and the European political foundations had to contribute to building up a party democracy at European level to help overcome the EU's democratic deficit. However, based on empirical research, the author provides the following conclusions: the selection of candidates for the elections to the EP is firmly under the control of the national political parties, and funding rules also hamper truly transnational electoral campaigns; aggregation of demands and interests of European citizens is based on an indirect representation via national member parties; the fact that non-EU parties could no longer be considered as full members of Europarties has potentially jeopardized socialising democracy with external actors; the specific safeguards for Europarties against non-compliance with the EU's fundamental values through the finance regime was contrasted by strict measures that hampered the integration of new parties; and the modest role of Europarties and European political foundations on linking citizens to the EU political system, providing a bridge between the different EU institutions, and even linking partisan actors in third countries to the EU.

It is astonishing how the institutional landscape of the EU is a like a double-edged sword. What this volume teaches us is that no matter what reforms or changes that the EU and its actors are able to achieve to develop democracy, it (generally) has a contrasting effect. In the case of Europarties, the ambition of its core members to truly create a genuine party system at the European level through the finance regime led to even greater concern (and contestation) of several national party members and leaders and to even more constraints inside the Europarty's structure. There is certainly a degree of ambiguity in consensus decision-making inside Europarty activity, as it is the case of the entire EU system.

Ultimately, there might a light at the end of the tunnel. As Wouter Wolfs clarifies in the final page of his book, EU democracy can still be achieved through greater effort if enough ambition of both Europarties and European political foundations is better represented in their regulatory / finance regime. There is, however, enough space for future research in this area, as the author suggested throughout the volume. One would add the possibility of further research on the existence of factional dynamics even inside the core members of the Europarties as a result of the regulation (or beyond it).

But as what it is, Wolfs' volume is a must read for any scholar of European studies, comparative politics, and political science in general. A well structured, well clarified, and well developed research that cognitively contributes to the study of party politics at the European level.

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