



2018 OECD GLOBAL **ANTI-CORRUPTION & INTEGRITY FORUM**

Assessing Interest Groups' Financial Donations to the European Union's Political Parties & Foundations

Alexander Katsaitis, ARENA Centre for European Studies – University of Oslo; Norway

alexander.katsaitis@arena.uio.no

Abstract. Since 2008, the European Union's (EU) political parties and foundations can receive private financial donations as a part of their annual budget. Are the EU's political organizations receiving donations by interest groups? Does the party agenda affect the donations they receive? Employing opposing perspectives from the literature as an analytic framework, this paper systematically maps and assesses the entire population of donations received by EU level political parties and foundations from 2008 to 2015. Contrary to our understanding of European parties as public utilities, donations in Brussels have increased considerably over time. Significantly, contrasting information-access models we observe a polarized party-interest group linkage outside the European Parliament's setting, where right leaning organizations receive nearly the entirety of donations; while business organizations outspend all other donors. The results suggest that an alternative interest group strategy is emerging in a system where the EU's political organizations are moving beyond the institutional policy-making setting.

Key Words: European Parliament, political party, interest groups, lobbyists, donations

The opinions expressed and arguments employed herein are solely those of the authors and do not necessarily reflect the official views of the OECD or of its member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

This paper was submitted as part of a competitive call for papers on integrity, anti-corruption and inclusive growth in the context of the 2018 OECD Global Anti-Corruption & Integrity Forum.

1| INTRODUCTION

A substantive body of work aims to ‘disentangle complex relationships’ between the political party and interest groups, including why they are formed, how they are expressed, and which factors define them (Allern & Bale 2012). In the United States (US) contributions to party campaigns have received particular attention by scholars as a bond that indicates preferences, strategic choice, and the nature of the relationship (for example, Wright 1990; Cox & McCubbins 1997; Lowery & Brasher 2004). In the European Union (EU) despite significant work on political parties (see Hix et al. 2007) and the interest group literature’s dramatic expansion (Bunea & Baumgartner 2014), financial contributions have evaded the research focus.

In part, this is because lobbying and policy-making in Brussels are primarily treated as an information-access game (Broscheid & Coen 2003). Emphasis is placed on the relationship between interest groups and political parties within the European Parliament (EP), a rational and depoliticized institutional policy-making setting. Nevertheless, this downplays a vocal number of concerns associated with the private financing of the EU’s political organizations (TI 2017), and constrains discussions on the EU’s democratic legitimacy.

In this paper, I intend to provide an initial assessment of the donations made to EU level political parties and their foundations, as an understudied area in EU studies. Since 2008, regulation 2004/ 2003 allows the European Union’s political parties and foundations to receive donations as a part of their annual budget. This leads to two interconnected questions: Are the EU’s political organizations receiving donations by interest groups? Does their agenda impact the donations they receive?

To answer these questions I employ two central and opposing perspectives from the literature as an analytic framework. Because the EP is a non-majoritarian institution where policy-making takes place through concessions and collaboration, interest groups are unwilling to side with one specific party. To ensure influence and access donors will hedge their support across the board concentrating their efforts on political parties that take up more seats, in line with work on parties, elections, and strategic lobbying (Thomas 1999). This will lead to a setting where the political organizations with a greater number of Members of the European Parliament (MEPs) receive the bulk of donations. Nevertheless, political parties rank the same policy issues differently on their agenda, making influence or access unlikely for some interest groups by default. Thus, lobbyists choose to donate to political players closer to their position to increase their chances of impacting legislation (Brunell 2005; Poole & Rosenthal 1984; Poole & Romer 1985). This is likely to lead to a polarized setting, where business donates primarily to pro-business and pro-integration parties; while nationally based interests such as trade unions and associations donate primarily to parties that are more on the left, and/ or are anti-integration.

I test the argument by analysing the entire population of donations given to all EU level political parties and political foundations from 2008 to 2015. I assess who were the donors, the amount of the donations, and who received it. In doing so, this study conducts the first systematic mapping of its kind. Addressing this research question is important in a number of ways particularly for the EU literature. By looking into party donations we gain insight into the party-interest relationship outside of the institutional setting, and expand our understanding of lobbying beyond information frames. Significantly, we observe whether donations are a variable to be considered when assessing the EU's policy-making legitimacy. Finally, this potentially opens a path for comparative research with the US where interest group financial contributions to political actors form a significant body of work.

The results presented in this paper show that over time donations have increased considerably through an exponentially growing trend in Brussels. Moreover, this trend is highly one-sided with left leaning political parties and foundations, regardless of their size, receiving limited or no donations at all. Business organizations outspend all other donors funding primarily pro-business organizations across the board; Eurosceptic and Europhobic political organizations are the primary recipients of donations coming from political actors, political parties, and individuals.

2| INTEREST GROUP DONATIONS & POLITICAL PARTIES IN THE EU

Since 2008 regulation 2004/ 2003 allows the European Union's political parties and foundations to receive donations, as a way of covering up to 15% of their annual budget. Restrictions apply, each donation cannot be greater than 12,000 euros per donor; all donations that are 500 euros or greater must be reported in the organization's annual budget, including the donors' name and legal address. The budget is verified by an independent auditor and submitted to the EP's financial service for approval; the budgets are made available online on the EP's website. The regulation marks a substantial change in EU level political organizations' structure, allowing them to become semi-private associations; where private actors contribute financially to their preferred political organizations. Moreover, it creates a new gate through which interest groups can access political organizations, and attempt to influence their agenda. In summation, donations offer a fresh perspective into interest groups' and political parties' behaviour, and raise questions about its potential impact on EU policy-making. By not studying this link we cannot assess its importance or its purpose.

I assert that donations serve a mutual benefiting purpose between two organizations. Political organizations demand donations to cover mobilization costs that are associated with their maintenance and expansion e.g. staff, events, and research. In return for the donation, political parties grant access to donors, information leaks, insider status, and potential influence over their agenda and policy-

making. At minimum donors benefit by supporting an organization whose agenda is in line with their ideological preferences.

Lobbying in the EP can be seen as a strategic-resource exercise, MEPs who are under resourced, demand reliable expertise to respond to their policy-making responsibilities, groups that provide reliable expertise overtime gain insider status and privileged access (Bouwen 2002; Broscheid and Coen 2003). Due to the competition between interest coalitions and the non-majoritarian structure of the EP, the MEPs across parties need to be contacted to ensure successful results; most importantly the MEPs belonging to the larger groups. That is to say, the MEPs of more than one party need to be in agreement over a legislative proposal or an amendment for it to pass; interest groups need to contact as many MEPs as possible to ensure they have a majority (Marshall 2015). Donations are likely to follow a similar pattern. As interest groups attempt to ensure successful lobbying they will donate to political parties that cover more seats, and their associated political foundations, as an insurance over their future lobbying success.

Conversely, political organizations have maintenance costs associated with events, policy papers, and staff; the bigger the party the greater the costs. Bigger political parties have a greater incentive to utilize their networks requesting donations. Thus, larger political organizations, for example the European People's Party and the Socialists & Democrats which cover the majority of seats will seek and receive the bulk of donations. By doing so, interests can ensure that they have direct access to a majority of seats they can potentially influence.

However, scholars focusing on the EP's institutional actors would argue that rapporteurs who are in charge of the legislative file, and their shadows, receive most lobbying attention as power-interlocutors (Benedetto 2005; Costello & Thompson 2010). Significantly, rapporteurs are allocated legislative proposals based on an elaborate point-system that combines party seats and issue-preferences (Kaeding 2004; Yoshinaka et al. 2010). In other words, political parties pick up the legislative files that they deem most important to their cause. The rapporteur in charge, applies the party agenda's general principles while taking into consideration objections and comments raised by fellow MEPs. Under a log-rolling logic, MEPs have an incentive to vote for proposals they do not agree with completely (within reason), in order for colleagues to pass legislative files they are responsible for in the future. In this structure, influence lays in the party's agenda: interest groups stand to benefit by supporting political organizations that will pick up legislative files which interest them the most.

Moreover, donations can help interest groups' lobbying efforts where they are likely to be welcome for example, business interests have more to gain by donating to a pro-business party, rather than a political party on the extreme left. From the party perspective, while donations can help an organization there is a legitimacy question in place, a donation can bring greater damage the party's reputation if its central constituency perceives it as capture for example, if the Green party would

accept a donation from the coal industry. Under this logic, interest groups are likely to follow a ‘selection strategy’ donating to groups that are closer to their ideological affinity. Brussels’ political compass has two central dimensions pro-/ anti-European integration, and left/ right dimensions (Tsebelis and Garrett 2000; Hix & Lord 1998). We may observe a division along traditional cleavages that sees business interests donating to right wing and pro-integration political parties (Thomas 1999; Olsen 1983); while trade unions, and national associations donate primarily to left-leaning and Eurosceptic parties.

Regardless of the strategy in place, political organizations gain through donations. A greater budget allows for more events, additional staff, and policy research which in turn contribute to party cohesion, and party expansion; a competitive advantage over political competitors. This creates a structure where political organizations encourage donations as a way of expanding the upper limit of their budgets; while interest groups compete over an additional access point into the policy-making process. This leads into a donations-race where political organizations demand greater donations from competing interests in exchange for access, increasing the total amount of donations over time.

Donors can represent various types of interest groups such as business, civil society, associations, as well as individual citizens. Business groups due to their organizational structure have better capacity in mobilizing resources than other groups on the aggregate (Bauer et al. 1972; Rasmussen 2015), they are likelier to contribute greater donations than other donors. Business groups have a direct and clear incentive to influence the regulation of the common market; they are likelier to be willing to use the donation option, and have the resources to do so. I frame this discussion under three assumptions.

Table 1: Showing assumptions regarding donation strategy, donation trajectory over time, and likelier donors.

A1a: If interest groups donate primarily to political organizations that hold a greater number of seats, then lobbyists follow a hedging strategy which aims to ensure access and potential influence over a majority of MEPs, leading to parties with more seats receiving the bulk of donations.

A1b: If interest groups donate to political organizations with which they share similar ideological objectives, then they are employing a selective strategy which will lead to a dichotomy that sees business donating to pro-business and right-wing parties, and trade unions and national associations donating to anti-integration and left-wing parties.

A2: Over time the total amount of donations received by EU level political organizations will increase, through a push-pull mechanism where political organizations demand greater donations in exchange for access, while interest groups supply greater donations to ensure access.

A3. Due to their resource-mobilization capacity, business groups will be the greatest donors of EU level political organizations in terms of the total amount donated.

In summation, I expect that donations to political organizations will depend on the interest group strategy this can be either: (i) hedging; (ii) selective. In the first case, political parties that cover more seats in the EP, and their associated foundations, will receive greater donations. In the second case, groups will donate greater donations towards organizations that are ideologically closer to their stance this can be either (i) pro/ anti integration; (ii) left/ right; and (iii) pro-business.

3| RESEARCH DESIGN

In order to examine the assumptions outlined information is needed on the donations, specifically, the donors, the amount per donation, and the receiving organizations. Following regulation 2004/ 2003 political parties at the EU level and their associated political foundations must have their budgets audited by an independent accountant and then submit the budget to the EP's financial service for a final check. Following they are uploaded on the EP's website for transparency purposes. The budgets of all political parties and foundations from 2008 onwards (with a one year lag) are available online. Within the budget all donors that donated more than 500 euros must be named and their legal address must be provided.

Though this information is available in the form of scanned budgets turned into pdf or original pdf files. These files are in an unstandardized format making automated text analysis an unreliable data collection method. Moreover, to the best of my knowledge this is one of the first studies on donations given to EU level political parties. Therefore, because this study has exploratory characteristics I chose to collect data following meticulous archival work. For the data gathering I initially collected all budgets from all political organizations available on the EP's webpage. Following I logged all donations per party organization, per year, that were placed under the title 'donation', focusing on the amount of the donation, the name of the donor, and the donor's address. This created an original data set with 560 donations, which covers the entire population of donors for 2008-2015. In addition, I collected the aggregate data for party members' contributions as available on the budgets. All the amounts described are in euros, in the few cases where a donation needed to be converted into euros I used the average value of that currency the year of the donation. The number of seats held by EU political parties is available and easily accessible on the EP's website.

Then donors were placed in one of 6 categories through a directed content analysis (Hsieh & Shannon 2005; Krippendorff 2004) based on the literature, information provided on their online website, and following cross-referencing with the EU's transparency register: (i). Business, includes primarily companies for example AT&T; (ii). Civil Society, includes non for profit organizations such as non-governmental organizations, foundations, and similar networks, such as the A-Partners; (iii). Associations, includes associations and trade unions such as the Associazione Culturale; (iv). Political Organizations, includes various political organizations that appear as donors on the budget, such as British Heritage; (v). Political Actors, includes individuals that appear as donors which however have or had a high profile affiliation to a political organization such as being on a party committee, or an MEP, for example Ashley Fox; (vi). Individuals, includes individuals that appear as donors but could not be identified as political actors.

All political organizations whose budgets were examined were categorized either as a Party (17 organizations), or a Foundation (18 organizations) using a dummy variable (0, 1) according to the EP's financial service placement. The political organizations' ideological compass was allocated based on a summative content analysis of their agenda and mission objective available online, the literature, and discussions with colleagues. To operationalize their ideological compass I used a dummy variable where an organization could take only one of the following four positions on the left/right dimension: Far-Left; Left; Right; Far-Right. An organization could also take more than one of the following: Pro Integration; Pro Business; Eurosceptic or Europhobe. I selected a dummy variable because this paper is primarily interested in teasing out the potential relationship between the political agenda and donations where it exists, rather than entering a detailed discussion over the exact ideological position of the plethora of political organizations examined (35 in total). Organizations were characterized as 'europhobes' when their position was very hostile towards European integration and were clearly anti-integration, for example the Alliance Européenne des Mouvements Nationaux.

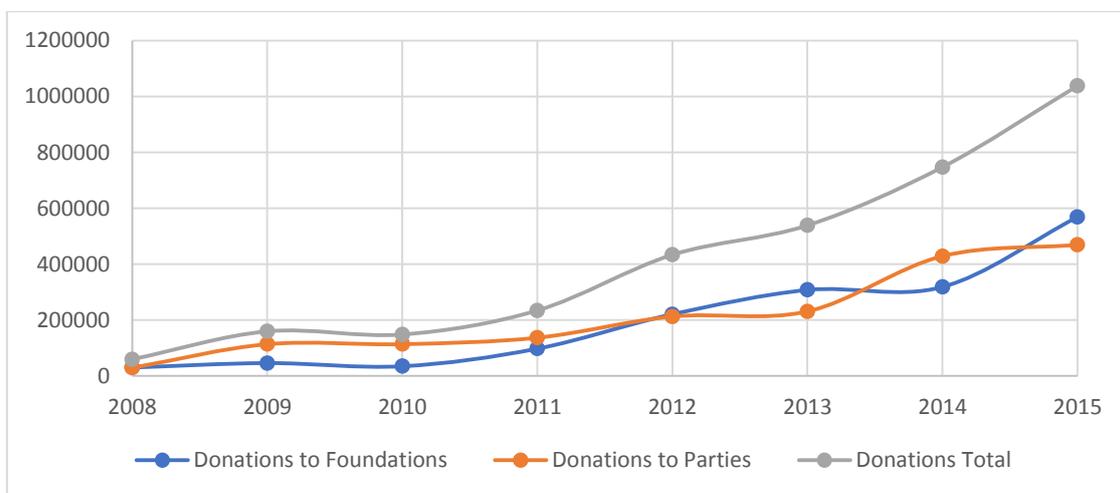
4| ANALYSIS

From the analysis' outset the results paint the image of a fast-growing link, the amount of donations received by EU level political organizations has increased considerably over time. As such, there is substantive reason to look further into donations as an expanding component of the party-donor relationship. Interest groups and specifically business interests are the largest donor category, providing nearly 2.4 times more than the next category. Thus, political organizations receive donations and form the strongest financial links with business groups.

The increase can be justified on a couple of factors. The common story of the EP's policy-making authority and its progressive growth is well known. However, the Lisbon Treaty in 2009 placed most policy areas under the Ordinary Legislative Procedure, essentially making the EP and its

committees co-legislators over the near entirety of EU law. In turn, this drew substantial attention by various policy stakeholders who saw the EP as an additional lobbying venue, resulting in the growth of a diffuse interest population (Lehmann 2009). Donations may act as a by-pass that allows less established interests to gain access, or promotes insider groups into further competition over access into the policy-making process, we assess this aspect later in the paper. Either way these results support the assumption that business has an advantage vis-à-vis other groups in mobilizing its financial resources.

Figure 1: Graph showing the donations received by EU level political foundations, political parties, and total, per year (amounts in euros).



Second, we are potentially observing the EU’s political organizations’ development. Donations play an increasingly greater role for political foundations exceeding their members’ contributions; suggesting that the party is investing in its expansion outside of the institution. As the organization’s members stay longer in the party they gain know-how and contacts, expanding their networks depth and breadth improving their donation-receiving capacity. Moreover, over time the communication between party and foundation is likely to have improved giving greater incentive for interests to donate to them. Foundations are like party think tanks, producing policy reports and holding events that bring together policy-makers and interest groups. Donating to foundations allows interest groups to influence the party that section produces expertise-frames and ideological pillars.

Figure 2: Graph showing donations and membership fees received by political parties per year (amounts in euros).

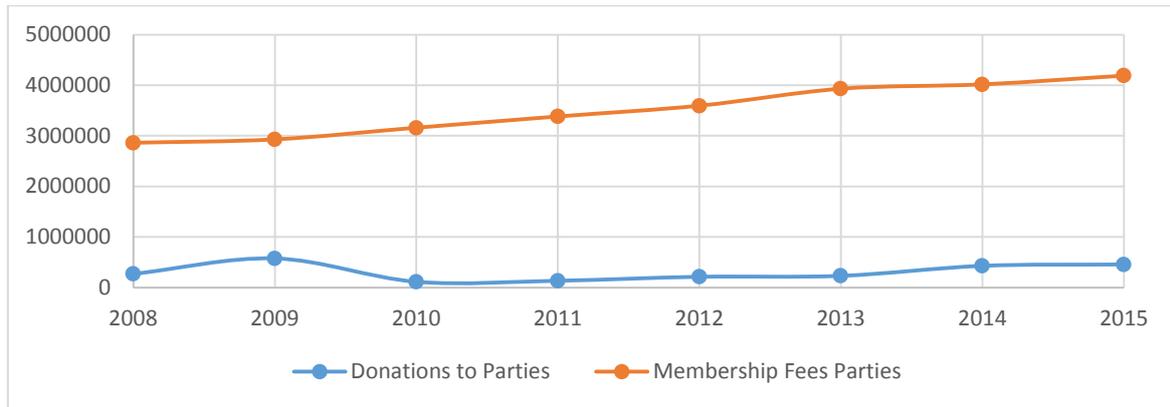


Figure 3: Showing donations and membership fees received by political foundations per year (amounts in euros).



Nevertheless, interest groups are not the only donors identified in the population. Political organizations received donations from other political entities such as political parties, and political actors. Political parties and actors, primarily reflect national political party organizations, MEPs and national MPs (or ex MEPs/ MPs) that are contributing to support an organization they have a stake in. Political parties rely on the EP’s funding and party-member donations, however smaller organizations with fewer member-parties (and often fewer seats) rely even more on closely-linked members’ contributions. As such, some political organizations use donations similarly to what larger political organizations refer to as ‘membership fees’. Donations by political actors are similar, they are supplied by individuals affiliated to the political organizations; for example MEPs, an ex-MP, or a party-committee member.

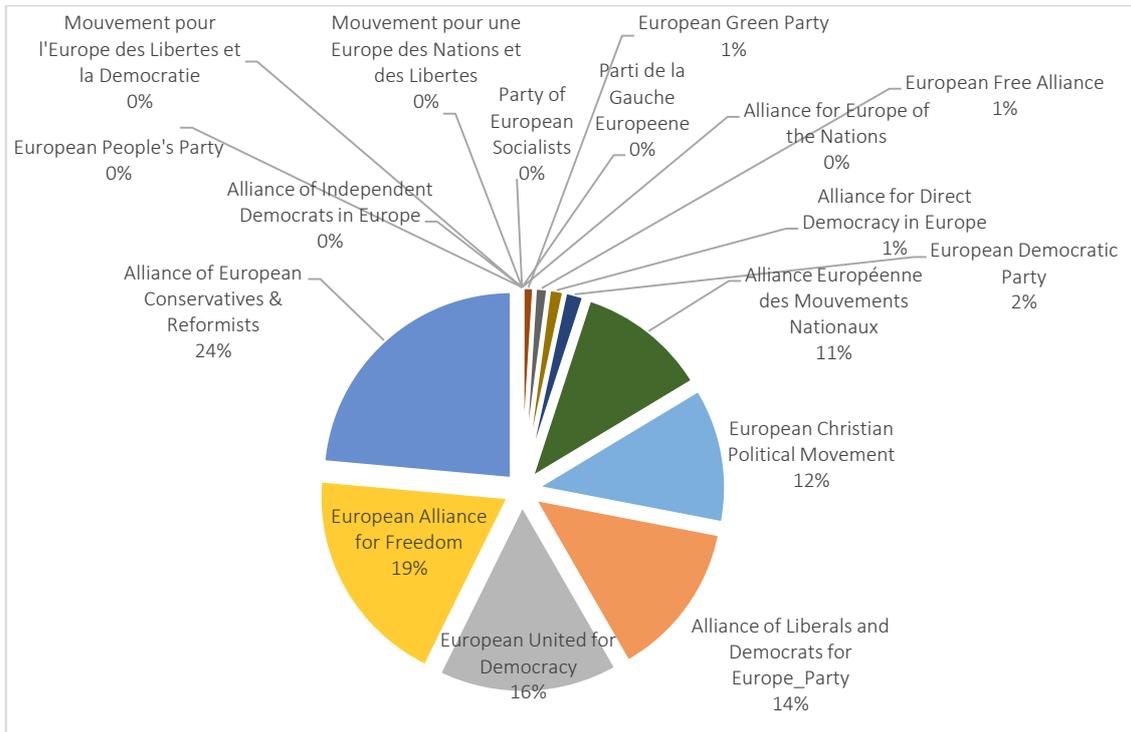
Table 2: Showing the number of donations, median donation, and total amount of donations given by different categories of donors (amounts are in euros).

	Number of Donations	Donation Median	Donations Total
Business	134	7992,55	1071001,17
Political Organization	99	6588,39	645661,86
Political Actor	144	4305,20	619684,31
Individual	91	4838,62	440314,60
Civil Society	74	4767,50	352794,99
Association	18	5202,05	93636,85
Total	560	5757,31	3223093,78

We note that individual citizens rank higher than civil society and associations in terms of donations total amount. We cannot exclude the potential personal benefit this might allude to these individuals without an extremely detailed case study of each individual donation i.e. assessing donations as a rational-individual-strategy. However, it is unlikely that each individual donation, with a median under five thousand euros to have led to a direct personal benefit of the donor. In other words, it is reasonable to assume that individuals have contributed due to ideological conviction and/or sociological factors to the organization's agenda.

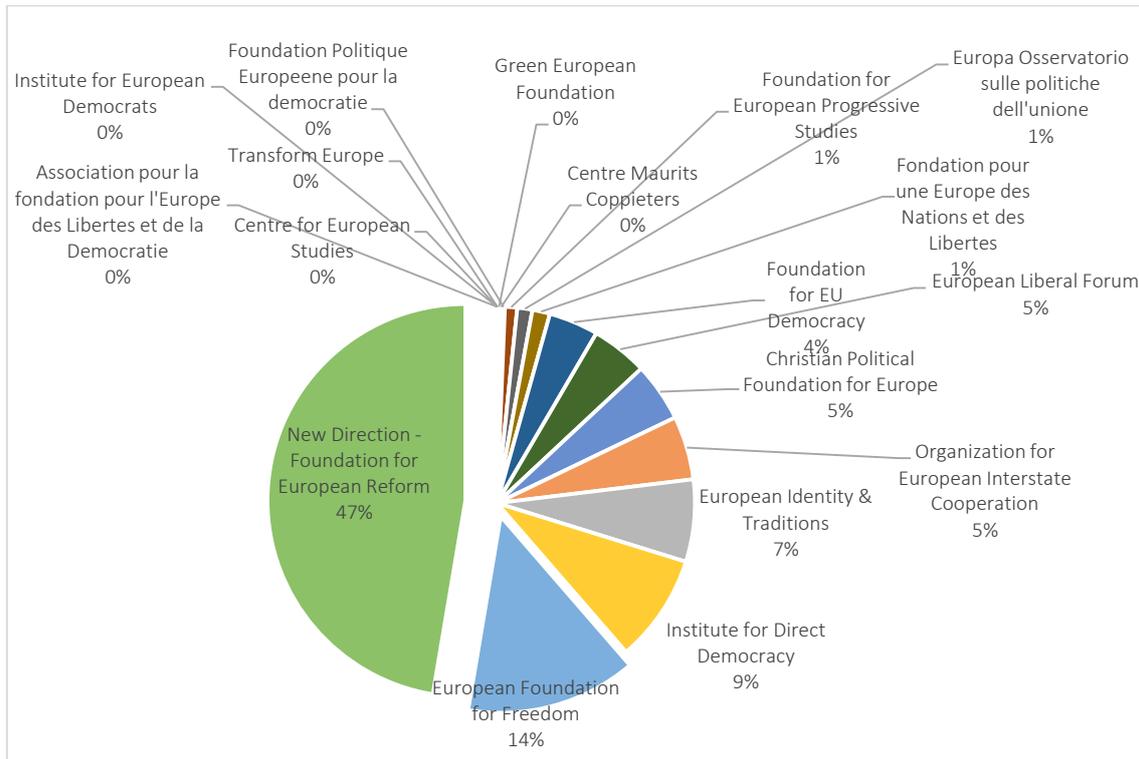
Insofar we examine donations in their totality across political organizations, it is unclear which organizations received them. By concentrating on the recipients we can understand comparatively more about the organizations and their reliance on donations, I divide them into two broad categories based on their type: political parties (17) and political foundations (18). The assessment, presented in figures 2 and 3, shows a highly unequal distribution. Looking at political parties, three parties have received approximately 59% of the total amount of donations with the top 5 covering 96%. Inspecting the donations closely we note that the political parties that received donations greater than 1% of the total amount are right wing parties. Political foundations share a similar yet even more unequal distribution of donations, again the pattern observed is one where right wing, and Eurosceptic parties received a greater proportion of the total amount of donations. Furthermore, the political organizations at the top end of both categories are affiliated.

Figure 4: Showing the distribution of the total amount of donations received by EU level political parties.



The analysis does not support the assumption that party size has a defining impact on party donations, indicatively the European People’s Party (EPP) and the Party of European Socialists (PES) which have long been the two largest political parties in terms of seats have received no donations at all; similarly their associated foundations have received few or no donations at all. Moreover, we observe targeted donations skewed towards the right side spectrum, almost all donations are received by political organization on the right. Thus, we seek to observe variation in donors’ choices dependent on the political parties’ pro-/ anti- integration, and pro-business positions. However, it is unclear if within this spectrum donors contribute homogenously e.g. if all donor categories donate equally across political organizations with these characteristics, or if there is variation across them. To disaggregate the relationship between donors and the political organizations’ characteristics I conducted a series of inferential analyses that tested the amount of donations per type of donor, against the organizations’ ideological compass, operationalized under four variables Eurosceptic, Europhobe, Pro-Integration, Pro-Business.

Figure 5: Showing the distribution of the total amount of donations received by EU level political foundations.



Perhaps unsurprisingly business donors are likelier to donate to pro-business organizations, however this might also include organizations that are Eurosceptic. Indicatively, the New Direction-Foundation for European Reform, and the Alliance of Liberals and Democrats for Europe (Party) take up 45% of all donations provided by business. Business stands to benefit primarily by setting the debate within the most relevant political community, and finds little reason to hedge its bet by donating to other political organizations.

Political organizations are likelier to donate to Europhobic organizations. This highlights the growing trend of transnational anti-globalization movements that increasingly mobilize resources from the national level to common vehicles of operation at the supranational and international level. It also underscores a political strategy directed at a domestic audience. By ensuring their presence at the EU level these organizations can polarize the debate allowing them to make representative claims at the national level; influencing the EU's policy outputs is a secondary objective. From a qualitative perspective, it is notable that a substantial portion of donations is provided by parties such as the Hungarian Jobbik, and British Heritage. This supports the assumption that smaller organizations on the EP's fringes do not have the capacity to maintain their operations than bigger organizations, hence they demand further support from their national counterparts.

Table 3: Showing regression analysis of Business donations and party political position.

Variable	Unstandardized Coefficients		Std. Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2546,491	473,721		5,376	,000
Euroseptic	-811,217	511,678	-,104	-1,585	,113
Europhobe	-1575,549	564,467	-,181	-2,791	,005
Pro Integration	-1980,968	700,317	-,144	-2,829	,005
Pro Business	867,802	409,930	,110	2,117	,035
R	R Square	Adjusted R Square			
,211 ^a	,045	,038			

Table 4: Showing regression analysis of Political Party donations and party political position.

Variable	Unstandardized Coefficients		Std. Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	875,031	472,203		1,853	,064
Euroseptic	-77,717	510,038	-,010	-,152	,879
Europhobe	1574,424	562,658	,181	2,798	,005
Pro Integration	389,807	698,072	,028	,558	,577
Pro Business	-359,448	408,616	-,046	-,880	,379
R	R Square	Adjusted R Square			
,214 ^a	,046	,039			

Table 5: Showing regression analysis of Political Actors' donations and party agenda.

	Variable	Unstandardized Coefficients		Std. Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	730,706	320,593		2,279	,023
	Euroseptic	1416,983	346,281	,265	4,092	,000
	Europhobe	672,733	382,006	,113	1,761	,079
	Pro Integration	-71,972	473,943	-,008	-,152	,879
	Pro Business	-1139,645	277,422	-,212	-4,108	,000
R	R Square	Adjusted R Square				
,246 ^a	,060	,054				

Euroseptic parties are closely linked to political actors' and individuals' donations. These are individuals involved directly or indirectly with the party, such as ex-MEPs or MPs for example, indicating organizational cohesion beyond voting patterns. It is notable that political actors are likelier to donate to pro-business parties, driven by a considerable portion of donations received by

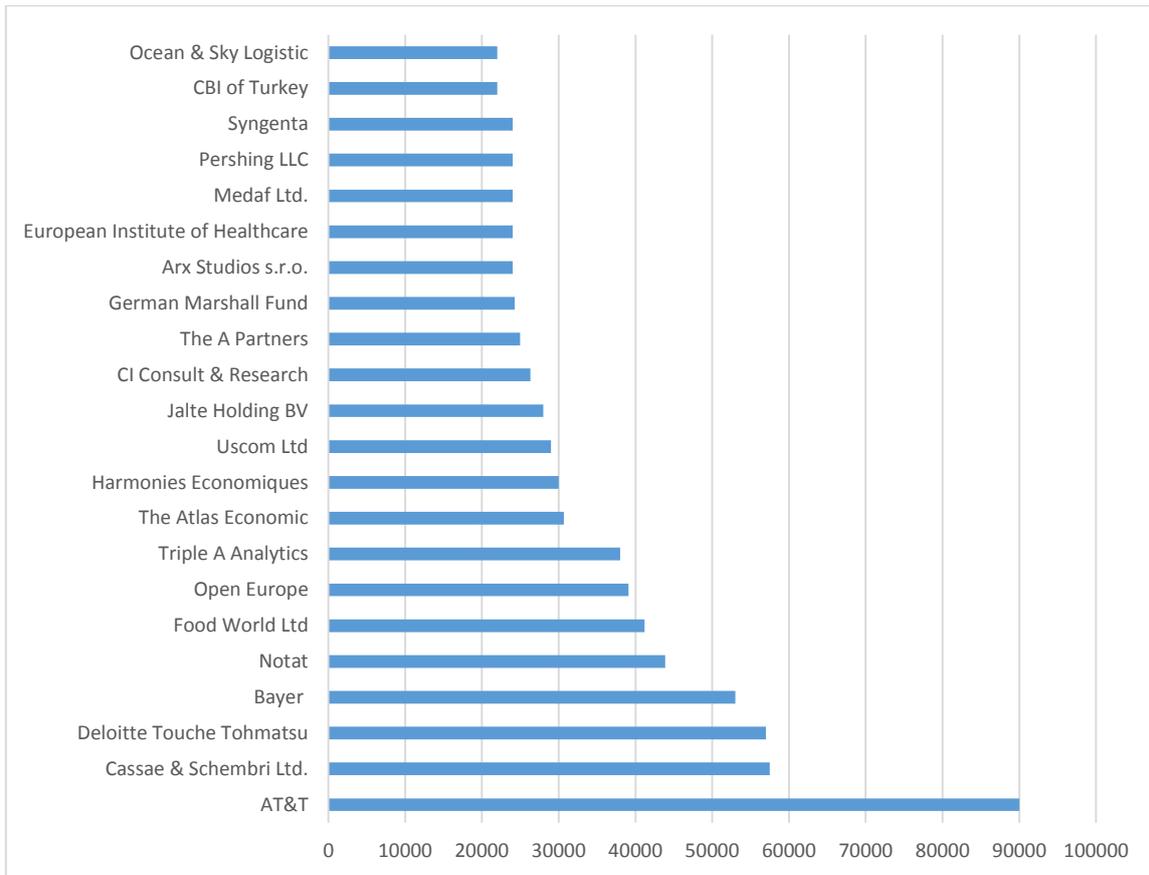
Eurosceptic organizations where the UK Conservative party plays a core role; highlighting the commitment that specific citizens have to the party cause, but also these parties' successful citizen mobilization at the European level.

Taking into consideration the broader landscape, it is noticeable that larger parties, and organizations that are left-leaning see little support from any category of donors; this may reflect issues linked to agenda-homogeneity as well as variation across party structures (Katz & Mair 1993; Ware 1996). Larger political organizations, such as the EPP, contain multiple national political parties, and receive substantial funding through the EP and their membership fees. Seeking additional private funding by vested interests at the European level may pose more of a risk to cohesion than a contribution. At the national level concentrated donations towards the German CDU/ CSU can provide influence both in Bavaria and in Brussels, returning more as an investment to the donor. Moreover, these parties' agenda is not focused enough to appeal to interest group donors as an access tool. Eurosceptic and pro-business organizations have a clearer underlying principle that makes it easier for donors to identify with.

What is perhaps harder to explain, are the extremely few donations received by left leaning organizations. This could potentially be due to the organizational structure of socialist parties which traditionally cover expenses through state-funding and party members. Furthermore, it is harder for left-leaning parties to draw on donations when central points on their agenda, such as workers' rights, are still dealt at the national level. Likely donors such as trade unions have little incentive to mobilize at the supranational level, even less so financially. In other words, the groups that would be the most likely to donate to left-leaning political organizations do so at the national level where the main component of their policy agenda is created, managed and implemented.

Finally, assessing interest group donations from a qualitative perspective, it is notable that while some known business groups appear as major donors, for example Bayer, AT&T, or Deloitte; other well-known actors in Brussels do not appear as donors at all. In fact, the top 20 interest group donors involve organizations that are not involved in significant pan-European trade or business, for example the Malta based Ocean & Sky Logistics, or the UK think tank Open Europe. This lends little support to the assumption that donations are the expression of a direct high-stakes competition between established business groups, but suggests that donations serve a mixed purpose. It is possible that Brussels' outsiders are supporting individual parties or actors they trust, with potential benefits at the national level. Or it might be that outsiders are attempting to access the EU's policy-making process through donations; further work is needed to assess donations as a lobbying strategy.

Figure 6: Graph showing the top 20 interest group donors by total amount donated (2008-2015) amounts in euros.



5| DISCUSSION-CONCLUSIONS

This paper conducted the first systematic assessment of private financial donations received by political organizations at the EU level, it offers the first peek into what appears to be a fast-growing trend. Significantly, by observing it now at its earlier stages we can better understand its evolution in the future. We observe donors opting for selective strategies that target specific political organizations, leading to an unequal distribution of donations highly skewed towards the right. Overall the results provide us with conceptual and policy implications on the party-interest relationship, within Brussel's context.

From a conceptual perspective, the EU level political organization is much more than a party operating within the EP's premises. Political organizations in Brussels have expanded the use of their headquarters and foundations to support, maintain, and expand their party through donations. This suggests that EU parties, at least part of them, are moving away from the public utility paradigm (van Biezen 2004) and back-sliding into semi-private associations that receive increasing contribution made by private interests. Under the 'public utility' conceptualization parties serve to cover

government positions, and address the public's representative needs by accumulating demands; their institutionalization insulates them from corruption as they rely on state funds to operate within the policy-making environment. This evolution marks a shift from the strictly institutionalized party, where party financing is no longer a state (or party) monopoly. Moreover, political foundations financing suggests that the EU level political entity is not as parliamentary-centralized or as homogenous as assumed. The EU party is not isolated to links forged through its national party components within member states, but operates an agenda that creates linkages with interest groups outside of the institution.

Having said that, political parties establish links of different strength to interests, citizens, and party members. Larger political organizations receive fewer if any donations, suggesting that group heterogeneity might make it harder to receive donations and/ or provide less incentive to seek them in Brussels. Smaller political organizations with compact agendas can deliver a simpler and more homogenous message to selective donors; while their size might place them in greater need of donations. Significantly, this may also reflect a two-level strategy where Eurosceptic parties use donations at the European level to politicize the debate at the national level. A central implication here is that further work into EU party organizations outside of the EP is necessary to understand their structure, the links they form with interests, and its impact on policy-making.

From an interest group perspective donations are a resource that is on the rise, providing an alternative take on lobbying beyond informational models. This environment holds features similar to a national polity, opening up potential research routes for comparatives that cut across member states and interest group strategies. Simultaneously, this raises questions behind the strategies employed and whether donations are complimentary to other lobbying activity within the EP; or whether donations follow a distinct EU pattern. Further research is necessary to assess the basis of these donations, however its unequal distribution agrees with the polarization of party-interest statements observed in the media (Beyers et al. 2015). As such, the results may encapsulate the politicization of EU lobbying strategies' as a form of diversification, following the institutional access points' saturation (Coen & Vannoni 2016).

From a public policy perspective, in line with discussions that raise the issue of data availability and accessibility in the EU as a measure of transparency (Heritier 2003); information on donations to political organizations can be improved through a system that makes the data easily accessible to the broader population. Moreover, further controls are potentially needed to assess the donors' credentials. The plethora of donors and the increasing amounts of donations raise concerns over the sources channelling money in EU politics. This has implications linked to discussions over democratic legitimacy such as integrity and corruption, as well as security concerns linked to debates over foreign state interference. Finally, taking into consideration donations' fast-paced growth, we are

likely to observe their further institutionalization with additional regulations taking place in time, normalizing the process while crystalizing socio-political cleavages (see Olsen 1983) in Brussels.

ACKNOWLEDGEMENTS

A substantial part of the theoretical outline, data collection and analyses for this paper were pursued during a Max Weber Fellowship at the Robert Schuman Centre for Advanced Studies, at the European University Institute (2016-2017). The author would like to thank David Coen, Brigid Laffan, Wilhelm Lehmann, and Johan P. Olsen, for their support, and valuable inputs on the research and draft versions of the paper.

| REFERENCES

- Allern, E. H, and Bale T. (2012). Political Parties and Interest Groups. *Party Politics* 18(1): 7–25.
- Bauer, Raymond A., Ithiel De Sola Pool, and Lewis Anthony Dexter. 1972. *American Business and Public Policy*, 2nd ed. Chicago: Aldine Atherton.
- Benedetto, G. (2005). Rapporteurs as Legislative Entrepreneurs: The Dynamics of the Codecision Procedure in Europe's Parliament. *Journal of European Public Policy* 12(1): 67–88.
- Beyers, J., De Bruycker I., and Baller I. (2015). The Alignment of Parties and Interest Groups in EU Legislative Politics. A Tale of Two Different Worlds? *Journal of European Public Policy* 22(4): 534–51.
- Bouwen, P. (2002). Corporate Lobbying in the European Union: The Logic of Access. *Journal of European Public Policy* 9(3): 365–90.
- Broscheid, A., Coen D. (2003). Insider and Outsider Lobbying of the European Commission. *European Union Politics* 4(2): 165–89.
- Brunell, T. L. (2005). The Relationship Between Political Parties and Interest Groups: Explaining Patterns of PAC Contributions to Candidates for Congress. *Political Research Quarterly*, 58 (4): 681-688.
- Bunea, A., Baumgartner F. (2014). The State of the Discipline: Authorship, Research Designs, and Citation Patterns in Studies of EU Interest Groups and Lobbying. *Journal of European Public Policy* 21(10): 1412–34.
- Coen, D., Vannoni M. (2016). “Sliding Doors in Brussels: A Career Path Analysis of EU Affairs Managers.” *European Journal of Political Research* 55(4): 811–26.
- Costello R, Thomson R. (2010). ‘The nexus of bicameralism: ‘Rapporteurs’ impact on decision outcomes in the European Union’. *European Union Politics*, 12(3), 337-357.
- Cox G. W., McCubbins M. D. (1997). Toward a Theory of Legislative Rules Change :Assessing Sckickler and Rich’s Evidence.” *American Journal of Political Science* 41 (4): 1376–86.
- Héritier, A. 2003: Composite democracy in Europe. The role of transparency and access to information, in: *Journal of European Public Policy* 10/5, 814-33.
- Hix, S., Noury, A. G. and Roland, G. (2007) *Democratic Politics in the European Parliament*. Cambridge University Press: United States of America.
- Hix, S., Lord, C. (1997) *Political Parties and the European Union*. Macmillan Publishers Ltd.
- Hsieh, HF., Shannon, S. (2005). Three approaches to qualitative content analysis. *Qualitative Health Research*, 15 (9), 1277-1288.
- Kaeding, M. (2004). Rapporteurship Allocation in the European Parliament: Information or Distribution? *European Union Politics* 5(3): 353–71.
- Katz, RS, Mair, P (eds) (1994) *How Parties Organize: Change and Adaptation in Party Organizations in Western Democracies*. London: Sage.
- Krippendorff, K. (2004). Reliability in content analysis. Some common misconceptions and recommendations. *Human Communication Research*, 30(3), 411-433.
- Lehmann, W. "The European Parliament". In *Lobbying the EU* (Eds) Coen, D. & Richardson, J. 2009. Oxford University Press: New York

- Lowery D., and Brasher H. (2004). *Organized Interests and American Government*. New York: McGraw Hill.
- Marshall, D. (2015). Explaining Interest Group Interactions with Party Group Members in the European Parliament: Dominant Party Groups and Coalition Formation.” *Journal of Common Market Studies* 53(2): 311–29.
- Olsen. J. P. (1983). *Organized Democracy; Political Institutions in a Welfare State- the Case of Norway*. Norwegian University Press.
- Poole, K. L., Romer T. (1985). Patterns of Political Action Committee Contributions to the 1980 Campaigns for the United States House of Representatives. *Public Choice* 47 (1): 63-113.
- Poole, K. L., and Rosenthal H. (1984). The Polarization of American Politics. *Journal of Politics* 46:1061-79.
- Rasmussen, M.K. (2015). The Battle for Influence: The Politics of Business Lobbying in the European Parliament.” *Journal of Common Market Studies* 53(2): 365–82.
- Thomas, CS (ed.) (2001) *Political Parties and Interest Groups: Shaping Democratic Governance*. Boulder, CO: Lynne Rienner.
- Thomas, R. J. (1999). Corporate and Labor PAC Contributions in the House Elections: Measuring the Effects of Majority Party Status. *Journal of Politics* 61 (1): 195-206.
- Transparency International (2017). *Fraud & Boats: Funding European Political Parties*. [Accessed Online December 2017: <https://transparency.eu/boatfraud>].
- Tsebelis, G, and Garrett, G. (2000). Legislative Politics in the European Union. *European Union Politics* 1(1): 9–36.
- van Biezen, I (2004). Political parties as public utilities. *Party Politics* 10(6): 701–22.
- Ware, A. (1996). *Political Parties and Party Systems*. Oxford: Oxford University Press.
- Wright, J.R. (1990). Contributions, Lobbying, and Committee Voting in the U.S. House of Representatives. *American Political Science Review*, 84 (06):417–38.
- Yoshinaka, A., McElroy, G., and Bowler S. (2010). The Appointment of Rapporteurs in the European Parliament. *Legislative Studies Quarterly* 35(4): 457–86.