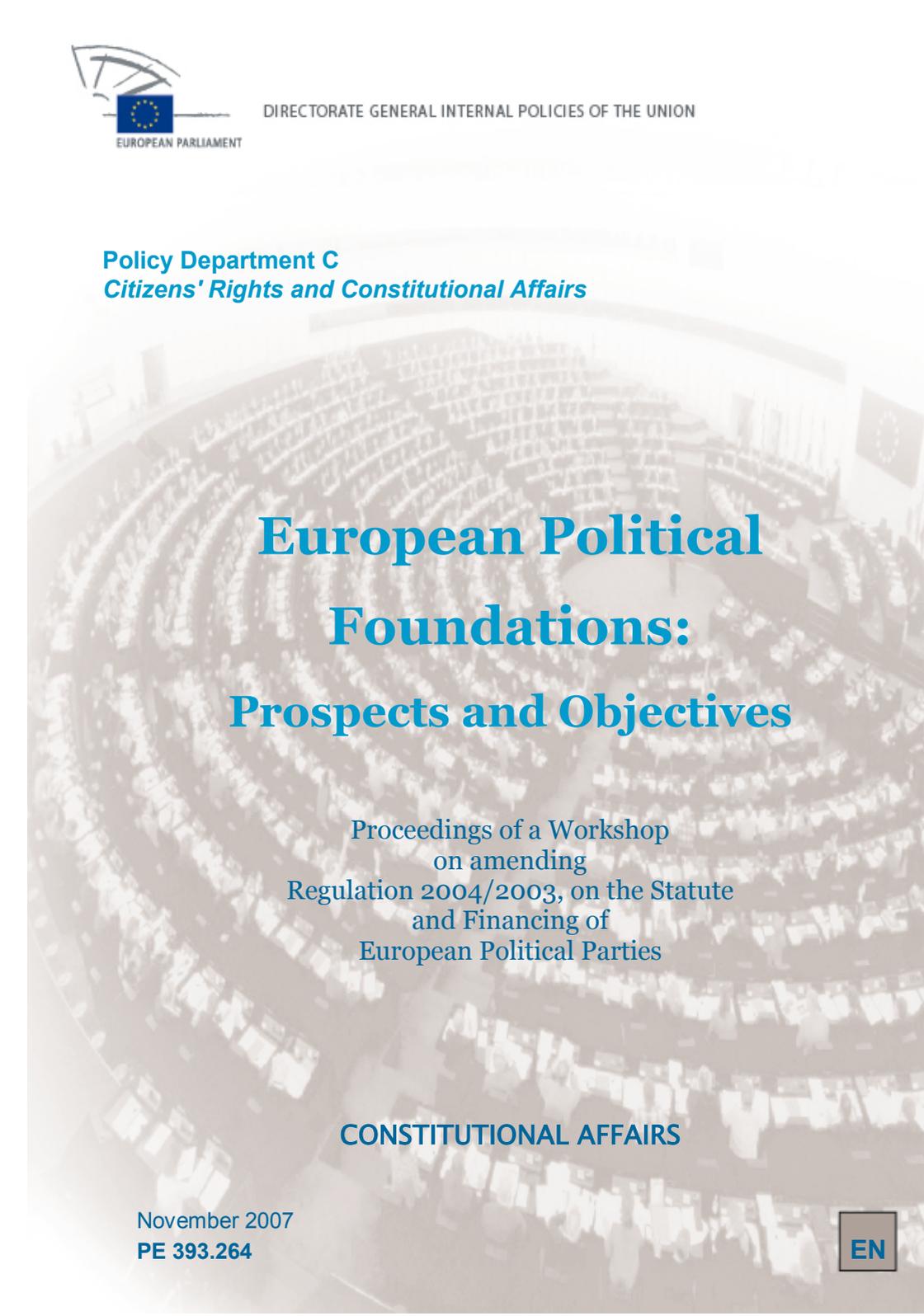


**Policy Department C**  
*Citizens' Rights and Constitutional Affairs*



# **European Political Foundations: Prospects and Objectives**

Proceedings of a Workshop  
on amending  
Regulation 2004/2003, on the Statute  
and Financing of  
European Political Parties

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with

contributions by Jo Leinen, Andreas Maurer, Christine  
Boon-Falleur, Robert Ladrech and Mathias Jopp



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## FOREWORD

On 3 July 2007 the European Parliament organised a workshop titled *European Political Foundations: Cornerstones for developing a European parliamentary democracy*.<sup>1</sup> Its purpose was to inform the parliamentary debate on a new Commission proposal on the revision of the Statute on Financing European Political Parties<sup>2</sup>, which would comprise a proposal to create political foundations at the EU level. The Commission's idea was to give European parties a new instrument to develop contacts and deepen political cooperation on EU matters and to educate European citizens and opinion-leaders on European issues.<sup>3</sup>

The new foundations to be created on the basis of the revised regulation would be ideologically linked to a political party and should contribute to a European political public space by observing, analysing and contributing to the debate on European public policy issues and the process of European integration. Among other instruments foundations would support European seminars and serve as a framework structure for national think tanks, political foundations and academics to work together at the European level.

The purpose of the symposium was to convene political leaders, both at the group and the party level, and from both the national and the European sphere,

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<sup>1</sup> The agenda is attached in the annex.

<sup>2</sup> Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding; COM(2007) 364 final of 27.6.2007

<sup>3</sup> See also contribution by the responsible Directorate General of the Commission in this volume.

in order to develop ideas and discuss practical steps for the implementation of the Commission proposal. Commission officials and academics contributed to enhance the legal understanding of this issue and to present conclusions from the experiences made so far with a few small pilot projects.

### *Some terminological remarks*

Not all organisations labelled ‘foundation’ are in fact foundations. Even though most European legal systems incorporate the ancient Roman law differentiation between foundations based on a core material asset and associations consisting of personal members, this seems much less clear-cut today. For instance, in Poland, Hungary and other central and eastern European countries, many foundations are either membership associations or some form of corporation, usually in the form of a limited liability company. German political foundations like the Friedrich-Ebert-Stiftung or the Konrad-Adenauer Stiftung are state-supported political party organisations with no significant assets of their own; their operating budgets are largely covered by annual funding from different branches of government and from the *Bundestag*. In legal terms, the party foundations are registered associations with leading party officials as board members. In the Netherlands, the distinction between foundation (asset-based) and association (member-based) has become largely indistinguishable in the field of education and social services. In Switzerland some foundations are primarily investment trusts for families, pension schemes for corporations, or sickness funds for local governments.

Despite these differences from one country to the other, in most systems foundations can, according to a widely used classification, fulfil four basic functions<sup>4</sup>:

- Redistribution: foundations can channel funds from the better-off to the less affluent parts of the population, thereby either directly or indirectly adding to the redistributive efficiency of the taxation system in place.
- Efficiency: foundations sometimes offer services and allocate philanthropic funds more efficiently than markets and government agencies could. Cost-to-benefit ratios for foundations are higher.
- Social change: foundations, unbound by market considerations and the constraints of the political process, can trigger and support desired change processes; and
- Pluralism: foundations are in a position to promote diversity and differentiation in thought, approach and practice of advocacy, service provision and ‘search procedures’, looking for causes and solutions to a variety of problems and issues.

Clearly, the main purpose of political foundations at the European level would be social change, even if some national political foundations have also redistributive and other functions. A survey of the legal framework regulating national political foundations in the EU member states and of their main activities was drawn up by the Policy Department well in advance of the above workshop in order to provide an empirical background for subsequent debates.<sup>5</sup>

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<sup>4</sup> Cf. K. Prewitt, The Importance of Foundations in an Open Society. In: Bertelsmann Foundation (ed.), The Future of Foundations in an Open Society, Bertelsmann Foundation Publishers, Gütersloh 1999.

<sup>5</sup> Political Foundations in selected Member States of the European Union: Structures, Budgets and Activities Survey; doc. PE 378.297, June 2007.

In order to separate not-for-profit foundations from economic organisations using the same name the European Commission adopted the following definition:

"Foundations are distinguished from informal or *ad-hoc*, purely social or familial, groupings by some degree, however vestigial, of formal or institutional existence. They are non-profit-distributing, that is to say they have purposes other than to reap profits for their management or members. [...] Foundations must be active to some degree in the public arena and their activity must be aimed, at least in part, at contributing to the public good."<sup>6</sup>

### *Parliament's reaction to the Commission's proposal*

In its report adopted on 22 October 2007<sup>7</sup> the Committee on constitutional affairs welcomed the Commission's proposal in its entirety and recommended that it be adopted, together with the proposed amendments, which are primarily for clarification. E.g., MEPs wished to specify that political parties at European level act in the context of European Parliament elections in particular in order to highlight the European character of those elections. In order to improve transparency, the report states that the European Parliament shall publish jointly in a section of its website created for that purpose – for each financial year for which grants have been paid – the following documents: i) a table of the amounts paid to each political party and each political foundation at European level; ii) the provisions for the implementation of this Regulation adopted by the Bureau of the European Parliament. The committee also states that funding charged to the general budget of the European Union shall not exceed 85% of

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<sup>6</sup> Commission communication of 6 June 1997, on Promoting the role of voluntary organisations and foundations in Europe; COM (97)241 fin., paragraph 2.3.

<sup>7</sup> doc. A6-0412/2007

those costs of a political party or political foundation at European level which are eligible for funding. The burden of proof shall rest with the relevant party at European level.

The draft resolution proposed by the Committee was adopted by Parliament in view of a first reading agreement with the Council on 29 November 2007 with 538 votes in favour, 74 against and 10 abstentions. The funding of political foundations at the European level can hence start from the budgetary year 2008. According to the proposal endorsed by the House foundations would have to be formally associated with an already established European party in order to access funding - a foundation may receive funds only by applying through the political party with which is affiliated. European political parties will have to define their relations with associated foundations, including an "appropriate degree of separation".

The contributions to this volume are revised versions of papers given at the workshop mentioned above and aim at specifying the special contributions political foundations can make over the next few years to creating a European political arena in the framework of the above definitions. On the basis of the revised EU decision on the financing of European political parties these new bodies are certain to open new avenues for involving European citizens closer in European politics and policy-making.

Wilhelm Lehmann



# EUROPEAN POLITICAL FOUNDATIONS : PILLARS OF A EUROPEAN DEMOCRATIC INFRA- STRUCTURE



**Jo Leinen**

Chairman of the Committee on  
Constitutional Affairs of the European Parliament

The European Union is still lacking a full democratic infrastructure. After 50 years of European integration, a lot has already been achieved: the EU is the strongest economic power in the world, we have a common currency, have abandoned internal borders and soon there will be a binding fundamental rights charter. However, for European citizens the Union is still too complicated, too far away and they do not feel an ownership of the European project. The main problem is the lack of links between citizens and the European institutions. Governments, the national political parties and media do not communicate about European politics and use the European Union often as scapegoat for unsuccessful national politics. European parliamentarians are working hard on bringing Europe closer to the citizens, but very often they lack the support of the political class on the national level. To overcome the democratic deficit of the European Union, a strong democratic infrastructure needs to be built up.

European political parties can play a fundamental role for this infrastructure. They have the responsibility to adapt the decisions taken on the European level to the wishes and demands of citizens, raised in their local, regional and national parties as well as in the constituencies. Their responsibility is to connect the different levels of politics in Europe, from the small local community to the European Parliament, the European Commission and the Council of Ministers. To strengthen this democratic infrastructure, another political actor needs to enter the scene: European Political Foundations. On the national level, political foundations play an important role in political debates and long term political thinking. Those functions also need to be fulfilled on the level of the European Union. Ten newly emerged European Political Foundations will play an important role in this respect. The European Parliament has promoted and followed the development of European Political Parties and European Political Foundations since the beginning. From 1 January 2008 a new "Regulation governing political parties at European level and the rules regarding their funding" will be operational. With this reform the modalities of funding for the European Political Parties will be simplified, they will be allowed to campaign during the European elections and a legal base for funding of European Political Foundations will be introduced.

### *The function of European Political Foundations*

Constant information and consultation of the citizens is a precondition for democracy to work. In most member states, political foundations have played an important role in this regard. They work on the democratic education of the

citizens. Foundations organise numerous seminars and events for citizens, also for those not involved in political parties or NGOs, enabling them to discuss about challenges for society and participate in political discourses. Furthermore foundations offer scholarships for students who are volunteers in civil society organisations or engage actively in politics. Besides educating citizens, political foundations also play an important role as think tanks. Whereas parties are in constant election campaigns and therefore need to pay attention to public opinion and are thus often tempted to follow short term policies, political foundations play an important role in analysing the mid- and long-term development of society and formulate the respective policy advice. Political foundations offer a platform for politicians and academics to come together and elaborate new positions. In the framework of the foundations, politicians can formulate visions and concepts independent of public opinion and without peering on poles. Foundations therefore play an important role as think tanks independent from but closely associated to the political parties.

The same functions that national political foundations play also have to be fulfilled on the European level. With the Amsterdam Treaty and soon with the entry into force of the Lisbon Treaty the European Union continuous to develop into a Political Union. The EU is no longer only an economical Union. Domestic and justice policy, foreign and defence policy, employment, migration, energy and climate policy will be common European responsibilities. In a political Union where more and more decisions are taken by the European institutions, the citizens need to be better involved. In alliance with the European Political Parties, the European Foundations can be an important link between the citizens and the European institutions. European foundations can organise "youth academies" to inform young citizens about

European politics. Since the national political foundations will be involved in the structures of the European foundations, they will be better able and more interested in taking up European topics into their programme. With the help of the European Foundations, national foundations can also organise and coordinate Europe-wide activities.

The European Foundations will play an important role as independent Think-Tanks which are closely associated to the European parties. An important task for them will be to conduct scientific studies on political trends. The future development of the European Union is unknown. The European Foundations will be able to conduct detailed analysis about possible future developments in the different policy areas. The future of the European foreign policy or the "Social Europe", are interesting fields of studies and the different foundations will find answers to today's challenges. European Foundations will also be important platforms for politicians to meet with scientists and experts in a more independent environment. In the framework of the foundation activities they can develop and test new ideas and proposals, without needing to defend these ideas immediately.

### *The birth of European Political Foundations*

Recent developments give a solid basis for European Political Foundations. In 2006, the European Parliament has decided to fund a pilot project for European Foundations. Pilot projects surf the purpose to try out new initiatives and new mechanisms, without introducing a legal base for their long term funding. The finances available through the pilot project allowed all ten European Parties to

set up their European Foundation, which are already legally registered. Start of the year 2008 all the ten foundations will take up their work and will begin to organise first activities.

In August 2008, the funding of the pilot projects runs out, the reformed regulation on Funding European Political Foundations will enter into force. On an initiative of the European Parliament, the European Commission proposed the reform of the regulation on European Parties, introducing a legal base for European Political Foundations. In the regulation the detailed rules on tasks, function, composition and funding for the foundations are set out. Already from next year on the European Foundations are no longer considered as a pilot project, but as an important element of the European democratic infrastructure.

In the next months and years it is up to the European foundations to establish their work programs. It should not be very difficult for the foundations to find their political "niche", since there is a lot to do for the EU to become a dynamic democracy. The European Parliament supports the development of the European Foundations. The European Parties as well as the party groups in the European Parliament will in the future rely on the support and expertise the foundations will be able to provide.



# EUROPEAN POLITICAL FOUNDATIONS : LINKAGES FOR EUROPE'S CITIZENS?

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## *Introduction and Background*

The Commission adopted, on 27 June 2007, a proposal allowing the establishment of European political foundations, entitled to community funding.<sup>8</sup> To strengthen and optimise the democratic infrastructure of the EU, this proposal aims at improving and adjusting the existing Regulation on political parties adopted by the European Parliament and the Council in 2003 in light of the experience gained in the past four years.<sup>9</sup>

The 2003 regulation lays down conditions for the recognition of a European political party, generating entitlement to Community funding according to a clear set of criteria:

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8 Commission of the European Communities, Brussels, 27.6.2007, COM(2007) 364 final, 2007/0130 (COD): Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding.

9 OJ L 297, 15.11.2003, p. 1.

- it must have legal personality in the Member State in which its seat is located;
- it must be represented, in at least one quarter of Member States, by Members of the European, national or regional Parliaments or assemblies, or have received, in at least one quarter of the Member States, at least three per cent of the votes cast in each of those Member States at the most recent European Parliament elections;
- it must observe the principles of the European Union;
- it must have participated in elections to the European Parliament, or have expressed the intention to do so.

In addition, the 2003 regulation set the conditions to be met for entitlement to EU funding: Any European Political Party must declare its sources of funding, and certain sources are prohibited. EU funds must be used solely to cover expenditure related to its political programme and can in no circumstances be used to finance national political parties.

Building on the 2003 regulation, the European Parliament in 2006 drafted an amendment to the 2007 EU budget proposing a „Pilot project – European political foundations“ to support the development of the European political foundations and their activities (Item 15 06 07). The initiative is linked to the exercise to create a permanent funding mechanism for European political foundations in the context of the revision of the 2004/2003 Regulation on European political parties, for which the legal basis is the article 191 of the Treaty. The relevant call for proposals for the European Political Foundations was launched on 29 June 2007. The aim is to get them up and running before the elections to the European Parliament in June 2009.

The main rationale behind the Commission’s new proposal is its observation of „a firm political objective of the European Union to promote a European public sphere to stimulate an informed participation of citizens in the democratic life

of the Union.“ The Commission’s debate through „Plan D“– originating it the two negative referendums on the Constitutional Treaty in France and the Netherlands“, the open consultation on the Commission’s White Paper on a European Communication Policy, and the reactions to the Commission’s Communication „European Elections 2004“ showed that there is both a demand and an opportunity for measures to strengthen and expand political dialogue. According to the Commission, this could be done by strengthening the importance – I would add: the visibility and accessibility - of European Political Parties, which do play an important role in developing a European Public Sphere. Greater involvement of political parties at the European level may help to generate cross-border public debates across Europe, and thus help to support an increase in the levels of participation in the European elections.

### *A European Public Sphere and the European political infrastructure*

Of course, there is not one single solution to meet the various democratic and participatory demands, ideas, and aspirations of citizens. Their concerns about how to strengthen democracy and legitimacy within the EU’s polyarchic multi-level and multi-actor system can only be promoted by a very wide range of initiatives and measures, with a particular view on offering institutional and procedural opportunity structures for steering a transnational democracy – e.g. by further strengthening the European Parliament in the EU’s interinstitutional set-up -, and on bottom-up initiatives driven by the active involvement of citizens.

Many contributions to the debate on the EU’s democracy and legitimacy – and its crisis - focus on the deficiencies of input-legitimation and the democratic

deficit. By democracy, I understand the „institutionalisation of a set of procedures for the control of governance which guarantees the participation of those who are governed in the adoption of collectively binding decisions” (Jachtenfuchs 1998: 47). Of course, this definition does not automatically induce democracy to be synonymous with parliamentary majority vs. minority government. At least theoretically, there are many ways to secure the participation of the citizenry in governing a given polity. But if we turn to the evolution of the EU over the last decades, we observe a clear trend: The search for establishing some kind of representative governance structures, in which institutions aggregate citizens’ demands and participation needs and try to fulfil their general function as arenas and rules for making binding decisions, and for structuring the relationship between individuals in various units of the polity and economy.

By legitimacy, I understand a generalised degree of trust of the addressees of the EU’s institutional and policy outcomes towards the emerging political system. A political system which is entitled to limit national sovereignty and which is enabled to take decisions directly binding the residents of its constituent members without the prior and individual assent of each national government requires more than the formal approval of founding treaties and their subsequent amendments (Weiler 1993): It necessitates the willingness of minorities to accept the decisions of the majority within the boundaries of the EU’s polity. In other words, social legitimacy supposes that decisions have to be based on a broad acceptance of the overall system. Even if the citizenry of the EU polity is not fully aware of or interested in the way binding decisions about their way of life are taken, the system and its institutions must be aware of the risk that the public attitude towards it can shift from some kind of a

‘permissive consensus’ or ‘benevolent indifference’ to fundamental scepticism.

The legitimacy of governance can be derived from historically and geographically contingent sources. With regards to the analysis of the governance in the European Union, Scharpf’s (1970; 1998) distinction of output (government for the people or effective performance) and input legitimisation (government by the people or representativeness) has been widely used, irrespective of some terminological variations. In the context of European governance a third legitimating factor is often highlighted: the requirement for communitarian cohesion or civic identity.

In this regard, the heart of the democratic deficit and the EU’s democracy crisis features the argument of a growing mismatch between the powers exercised in and through EU institutions, fora and procedures, and the channels, structures and sanctions to influence and control the formulation and implementation of policy (Maurer 2002). The EU’s institutional design thus faces a multitude of questions as to how representative this system of multi-level governance is, in which way its quasi-executive branches - the Council and the Commission - are accountable to the citizens and how democratic the decision-making procedures between the Union’s authorities are. The presumed lack of linkage and control applies not only to European but also to national actors, most notably governments, which are seen as removed from parliamentary or public scrutiny. In this sense, the lack of control over government-like institutions firstly at the national and secondly at the European level - the Council of the EU - generates a ‘double democratic deficit’.

Some even see a triple deficit, arguing that current (or future) levels of integration presuppose the existence of a European ‘demos’. True, the evidence for a transnational identity within in the Union is weak and the chance of

creating one in the near future seem bleak because of the lack of intermediary structures and agents (transnational parties, media, common language etc.). The EU system takes binding decisions, which influence the citizens' ways of living and constrains their individual freedom. The EU system affects national legislatures and their linkage with the citizens. Of course, arguing about institutions and their potential to provide the European '*Demos*' - functionally, nationally or ideologically different realms of identity and interest formation, mediation and communication - a set of representative voices in the Union's policy cycle does not mean that parliaments, the European Parliament, the national or regional parliaments of the EU member states, or parliamentarism in general is the only way of bridging the gap between the citizens and the EU. One can easily assume that even after the Reform Treaty has come to force, many scholars and practitioners of European integration will continue to argue that focusing on the 'input' structures of the Union is only one of several ways how governance „beyond the state” might gain legitimacy.

In this respect, one could also imagine a 'renaissance' of the German Constitutional Court's 1993 Maastricht ruling, which led to a general critique of the EU's parliamentary model. The basic assumption of the Court and later on its protagonist commentators was that a polity presupposes a *demos* in ethno-national or ethno-cultural terms (the „Volk” instead of the „Gesellschaft” or „Gemeinschaft”). Thus, without a single European people sharing heritage, language, culture and ethnic background, and without a European public space of communication that could shape the wills and opinion of the population, no European statehood could be founded. For those who adopt this view (Kielmansegg 1996, 47-72; Grimm 1995, 282-302), it is apparent to simply deny the pre-constitutional conditions for further integration and therefore to

conclude that in the absence of a single European *demos* there cannot be ‘real’ democracy at the European level.

Assume that a socio-political entity, which is willing to produce democratic forms of governance, can not simply dictate structural prerequisites and pre-constitutional elements of the future polity. One could then develop these arguments further to conclude that any attempt of institutional and procedural reform is unreasonable unless the different European *Demosi* are not identifying themselves as part of an emerging European *Demos*.

Against this line of analysis, I argue that the missing ‘*demos*’ is not a prerequisite for the European Union, but an ideal product of successful integration and institutional design (Maurer 2002). I refer to Habermas’ analysis on the relationship between institution building and citizenship formation. He argues that „the ethical-political self-understanding of citizens in a democratic community must not be taken as a historical-cultural *a priori* that makes democratic will-formation possible, but rather as the flowing contents of a circulatory process that is generated through the legal institutionalisation of citizens’ communication. This is precisely how national identities were formed in modern Europe. Therefore it is to be expected that the political institutions to be created by a European constitution would have an inducing effect” (Habermas 1995, 306-307). In other terms, the „*demos* is constructed via democratic ‘praxis’. [...] Instead of ‘no EU democracy without a European *demos*’, we have ‘no European *demos* without EU democracy’” (Hix 1998, 38-65). Taking this perspective seriously, I consider the very process of European integration as an ongoing search for opportunity structures, which allow the institutions of the EU’s multi-level system to combine several demands for democracy-building beyond, but still with the nation state. Whether this process

leads to the self-identification and further stabilisation of various ‘*demoi*’ or of one single European ‘*demos*’ remains an open question.

Comparing the documents produced during the Future of Europe Debate, the Convention on the Constitutional Treaty, the so-called „period of reflection“ after the negative referendums in France and the Netherlands, and the ongoing IGC on the revision of the Constitutional Treaty, the proposals made under the headings of „democratisation” can be classified as follows:

1. Democratisation by reforming the decision-making procedures through an extension of the areas covered by the co-decision procedure.
2. The second option focuses on the relationship between the EU’s executive bodies and their accountability to the European Parliament.
3. The third option for democratisation focuses the intergovernmental EU pillars.
4. A fourth option for democratisation of EC/EU decision-making procedures is discussed with regard to the roles of the national parliaments.
5. The fifth option for democratisation of the EU concentrates on the structural prerequisites of the Union, and on how to provide opportunities for democratic and legitimate governance through the introduction or the reinforcement of new or more visible fundamental rights within the EC/EU Treaty set-up, of new information and deliberation rights for the citizenry or through the introduction of certain direct participation rights in the Treaties.

### *Evaluation of the Commission's proposal*

Against this background, the Commission's initiative mainly addresses a combination of the first and the fifth option. On the one hand, the new regulation reshapes the importance of European Political Parties as cornerstones of the political groups in the European Parliament. It thus focuses on the roles of the European Parliament as the „end-of-chain“ in legitimising EU politics. On the other hand, the Commission's proposal helps to ensure a widening of possible participation of citizens in the democratic life of the EU, and that all voices of the EU's citizenry are heard.

Although an EU regulation can not generate a specific kind of EU democracy, it may operate as a new opportunity structure of the European level for stimulating and facilitating the achievement of these objectives. This reflection was the underlying reason for the establishment of political parties at European level in 2003, since they should bridge the gap between politics at national and European level and help to give voice to the peoples of Europe.

The Commission proposes amendments to the existing regulation on European Political Parties in order to address three main points.

- ▶ The first concerns the ability of parties in receipt of funding to carry over surpluses into the following year and to build up reserves. The relevant amendment (to Article 9 of the Regulation) would allow a party to carry over 25% of its income for that year into the next year, on condition that the sum carried over would be used before the end of the first quarter of the following year.
- ▶ The second set of amendments would allow a party to build up reserves and to accumulate such reserves equivalent to 100% of a

party's average annual income without losing the entitlement to apply for funding.

- ▶ Thirdly, the amendments would allow a „political foundation at European level“ to apply for funding through a political party at European level to which it is affiliated. The Commission defines a „political foundation at European level“ (in Article 2(4)) as an entity or network of entities, which has a legal personality in a Member State, and is „affiliated with a political party at European level“ which through its activities „underpins and complements“ the objectives of the political party. Such underpinning and complementing should be done by
  - observing, analysing and contributing to the debate on European public policy issues and the process of European integration,
  - organising and supporting seminars and studies on such issues, and
  - serving as a framework for national political foundations, academics, and other relevant actors to work together at European level.

A new Article 4(6) provides that funding which is allocated to a European political foundation „may only be used for the purpose of financing the activities of the [foundation] in accordance with the provisions of Article 2(4)“.

With the new draft regulation, the Commission aims to politicise the debate on EU affairs and to bring the European political dialogue at national, regional and

local level - eventually breaking the Brussels-centric image of EU affairs and making EU politics more interesting through more confrontation.

According to Commissioner Margot Wallström, „European Political parties and foundations have a key role to play in bridging the gap between politics at national and European level. Within the coming months and years Europe will face important political challenges and events including the IGC and the elections to the European Parliament in 2009“.

The majority of European Political Parties as well as some NGO's welcomed the Commission's proposal and confirm the underlying aim of the draft regulation. As Andrew Duff, MEP and Spokesman on constitutional affairs for the Alliance of Liberals and Democrats for Europe (ALDE), said, „Party political foundations at the EU level are going to be a key element in developing political thought and sharpening debate with a European dimension. I hope that the new foundations will encourage national political parties to widen their horizons. We can't have a debate about the future of Europe without the essential sinew of democratic party politics“.

Article 2(4) of the draft regulation defines EPF as performing, in particular, the task of „observing, analysing and contributing to the debate on European public policy issues and the process of European integration“. Although the draft regulation establishes strong links between EPF and corresponding European Political Parties, the definition of EPF may conflict with the definition of a European Political Party as defined in Regulation (EC) No 2004/2003 by reference to „the process of European integration“. That is why the UK House of Commons' Select Committee on European Scrutiny voiced its members concern that „this definition could be used to deny funding to a political foundation which does not support deeper European integration. It seems to us

that the funding regime must ensure a plurality of views, and we ask the Minister for his comments.<sup>10</sup>

### *Options for operationalising the EPF*

What should be the common objectives of European Political Foundations (EPF) in the context of the EU's programme and therefore form a basis for entitling EPF to apply for financial assistance?

Applying a bottom-up method, I would propose establish a set of criteria on the basis of the working regulations of the European Network of Political Foundations (WR-ENPF) and the rather broad objectives of the Commission's draft, which are also valid for other attempts and EU programmes that address the issue of linking EU institutions and EU policy with the citizens (e.g. Jean Monnet action scheme).

According to the WR-ENPF, the common denominator of objectives of National Political Foundations can be summarised as follows.

- ▶ To support the participation of political foundations in the European Union's programmes and projects on democracy promotion, development cooperation and political dialogue;
- ▶ To promote the regular transfer of experience, gained from the international work of European political foundations, into the policies and programmes of the European Union.

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10 Select Committee on European Scrutiny, Thirty-Third Report: „Financing of European political parties“, London, 1 August 2007, <http://www.publications.parliament.uk/pa/cm200607/cmselect/-cmeuleg/41-xxxii/4103.htm>.

Accordingly, political foundations could formulate the following activities:

- ▶ to observe, analyse and contribute to the debate on European public policy issues and the process of European integration,
- ▶ to support and cosponsor European seminars, conferences and studies on such issues between the aforementioned stakeholders,
- ▶ to serve as a framework for national political foundations and scholars of EU integration to work together at European level.
- ▶ to participate in consultations of the European Union institutions on programmes and projects in the fields of democracy promotion, development cooperation and political dialogue;
- ▶ to transfer experience gained from the activities and projects of its members to the relevant work units of the EU Institutions;
- ▶ to coordinate lobby activities to promote the development of a favourable environment and framework for the participation of political foundations in the programmes and projects of the European Union Institutions;
- ▶ to establish a politically – and politicised - inspired dialogue and exchange of information with other stakeholders in the fields of democracy promotion, development cooperation and political dialogue to clarify and strengthen the role of political foundations in third countries;
- ▶ To provide information on key programmes of the European Union in the fields of democracy promotion, development cooperation and political dialogue to its members.

If one accepts this rather broad range of objectives and activities, the criteria for supporting EPF could be established alongside the European Parliament's criteria for accepting and supporting European Political Parties. Accordingly, the criteria for supporting EPF could be:

- ▶ EPF should be headquartered in Brussels – at the seat of their corresponding European Political Party;
- ▶ EPF should be close to but independent of a European Political Party which either is represented in the European Parliament or has been represented therein during the decade preceding the commencement of its working. The EPF as well as the respective party must belong to the democratic spectrum and adhere to the common European values;
- ▶ EPF should be engaged in democracy promotion and/or development cooperation and be independent in the management of their funds for democracy promotion and/or development cooperation projects as well as in all decisions pertaining to the implementation of such projects;
- ▶ EPF must dispose of proper staff and publish regular activity and financial reports.

EPF fulfilling these criteria would apply for acceptance and future funding by sending their request to the Presidents of the European Parliament and the European Commission (alternatively: the Chairperson of the EP's Constitutional Affairs Committee and the Commissioner responsible for institutional relations. The latter two institutions could establish a joint supervising authority (JSA) that would appoint a coordinator. The JSA's

coordinator could then transfer the request to the members of a Steering Committee that would be composed by

- a representative of the European Parliament and the European Commission,
- a representative of each European Political Party,
- up to five representatives from the academic community (preferably scholars of European Political Party politics, European Public Policy making, EU citizenship policies, EU democracy promotion and external policies),
- a representative of the European Union's Fundamental Rights Agency.

The Steering Committee should confirm the decision of the JSA unless more than one third of its members oppose it.

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# THE PILOT PROJECT FOR EUROPEAN POLITICAL FOUNDATIONS

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DG EAC is the Directorate General in charge of the implementation of pilot projects for European political foundations and more precisely Unit D4 itself notably in charge of active European citizenship and civil society.

We have organised consultation meetings with the European political parties in April and in May 2007 in order to have exchanges of information concerning the different provisions related to the financing of the pilot projects.

Our very first messages were:

- We fully understand the political interest of creating a permanent funding mechanism for European political foundations and the need the have before a pilot phase.
- We want to play a role of facilitators.

- Of course there are elements which are "intangible" for instance the necessity of a call for proposals which has to be public for reasons of transparency, but possibly restricted.
- There are rooms for discussion: for instance are we talking about grants for projects or operating grants or maybe both of them?

Finally, these two meetings, which gathered the representatives of the 10 European political parties, reached very positive results expressed now in the text of the call for proposals.

The Commission has adopted its Decision on 29<sup>th</sup> of June and the text of the call has been published on our website the same day.

The main questions to deal with were the following ones:

- What do we mean by a restricted call?
- Which eligible foundations?
- Which eligible activities?
- Selection and award criteria.
- Financing and payment conditions.

As a result:

- The call aims to support European political foundations that are affiliated with the political parties at European level. One foundation per party will be financed.
- The eligible foundations - as defined in the pending modifications of the 2004/2003 Regulation – should have an appropriate degree of separation between them and the correspondent party concerning the daily management, the financing, and the governing structures. The legal status may be proved at the signature of the grant agreement, so not absolutely necessary at the date of the submission of the applications.
- Eligible activities: there is a large scope of possibilities from projects and actions to structural expenses. An action plan and an estimated budget are requested.
- Verification of operational and financial capacities (selection criteria):
  - The operational capacity to implement the action plan may be certified by a declaration on honour.
  - If the financial capacity of funding the activities throughout the convened period of action is not satisfactory, there will be two options: 1) A grant agreement without pre-financing or 2) A bank guarantee which may be replaced by a joint responsible guarantee signed by the correspondent political party.
- Award criteria: the Commission will establish an evaluation committee composed of members from different Commission services. The action plan should present a satisfactory level against quality criteria.
- Financing and payment conditions:

- The financial envelope of one million euros will be distributed on the basis of the same distribution key which applies to the European political parties according to the 2004/2003 Regulation.
- EU co-financing will be provided to a maximum of 90% of total costs. Contribution in kind may be accepted for the outsourcing.
- Three payments are foreseen: a pre-financing of 40%, a second one of 40% based on the intermediary reports and a final payment based on the final reports.

The timetable will be as follows:

- 28 September 2007: Deadline for submitting applications
- November 2007:
  - Applicants will be informed of the attribution of grants.
  - Beneficiaries will receive their agreements for signing"

# **SUPPORTING EUROPEAN POLITICAL FOUNDATIONS AFFILIATED WITH POLITICAL PARTIES AT THE EUROPEAN LEVEL**

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Political parties at European level (Europarties) certainly have an important role to play in helping to establish links between citizens and the European Union. There are, in a sense, two audiences at the national level for the work of these Europarties, the electorate and their respective national parties. Efforts to promote a European public space must therefore take into account activities that will penetrate to the level of national parties as well as to citizens. This report on the proposal for the support and funding of political foundations affiliated with the Europarties will concentrate on the potential impact that political foundations may have on stimulating informed participation of national party personnel with the democratic life of the EU. It is my belief that if national parties remain unaware of actual and potential developments in regards to the development of a European public space, the hopes for the average citizen to do so are rather limited.

Parties at the European level (Europarties) can be evaluated in several ways. Crudely put, in quantitative and a qualitative manner. In a quantitative sense, we can observe that the number of Europarties receiving funding via the Regulation has grown from eight to ten. We can also observe, in a more sophisticated manner, that the internal organisational profile of these Europarties, especially those representing the main party families in Europe, namely the greens, liberals, social democrats, and Christian democrats/conservatives, has developed in terms of specialisation of roles, statutes regarding accountability, etc. (Johansson and Zervakis, 2002; The European View, 2006). Their ‘recruitment’ of new parties in post-Communist eastern and central Europe has also been on balance successful, with their guidance in terms of party campaigning and transmission of EU values and policies to these new party leaderships a critical factor in party development (Pridham, 2001). As regards to their activities at the time of elections to the European Parliament, there has been a learning curve in which the Europarties have adjusted their input from direct to indirect assistance to their member national parties during campaigning.

When we turn to a qualitative analysis of the activities and general role of Europarties, a more mixed picture emerges. In order to explain this statement, a little background is necessary. A Europarty has been referred to as a ‘party of parties’ (Hix and Lord, 1997). Europarties are the agents of national parties, and although they may be seen also as the extra-parliamentary wing of European Parliament party groups, one of their most highly visible activities – Party Leader summits – attests to the primacy of national parties in the

activities as well as the internal organisation and decision-making of each Europarty. To be more precise, it is the national party leadership, if not leader, that determines the actual amount of attention accorded by his or her national party to their respective Europarty. It would be accurate to visualise national party leaderships therefore as the ‘gatekeepers’ between their affiliated Europarty and the rest of the national party, both the parliamentary group as well as the extra-parliamentary organisation. Although some Europarties do allow for individual membership, it is still overwhelmingly the case that membership is accorded through national party membership, a point to bear in mind as I develop my case that the relationship between party members and Europarties is extremely weak, and that this situation may have some bearing on the impact of European level political foundations on national parties.

Having made the point that national party leaderships use Europarties as a means of reducing transaction costs when acting at the European level (Ladrech, 2000), and furthermore that national party leaderships essentially control the degree to which Europarties may act or develop relations with their member national parties, I am now able to turn to a brief evaluation of this relationship. In most national parties, it is the International Secretary (extra-parliamentary party organization) that maintains regular contact with the secretariat of the affiliated Europarty (Poguntke et al., 2007). Depending on the organised event, other members of a national party, for example the general secretary, prominent deputies, and the party leader, may also become involved in Europarty activities. All in all, it is a very small amount of national party personnel who actually come into contact with a Europarty. The International

Secretary of a party is, in general, fairly remote or cut off from the rest of the party grassroots, parliamentary group and even the extra-parliamentary party organization. In most national parties, responsibility for Europarty relations exists among all the other international relations of a party; very few national parties have a singular ‘Europe’ secretary. Therefore, we can reasonably assert that the management of Europarty-national party relations is an extremely small part of the internal dynamics of a national party. We must then add to this observation the fact that most national party leaderships – apart from parties avowedly eurosceptic – attempt to contain any divisiveness or dissent over the issue of European integration – that is, ‘Europe’ becomes an internal party management matter. We can then safely say, in diplomatic parlance, that a ‘full and frank’ discussion of matters related to the policy content and direction of European integration has not been part of the internal life of major national parties. Indeed, there is a general scholarly consensus that ‘Europe’ has been an elite-driven process, and political parties have continued to focus on domestic affairs, despite the evidence of how much the EU impacts domestic policy-making and politics (Ladrech, 2007). There are some obvious exceptions regarding attention given to the EU inside parties, such as the French Parti Socialiste, but even its internal referendum in December 2004 was an exception.

I have now established that, contrary to the emerging scholarly literature concerning the Europeanization of domestic policy and politics (see, *inter alia*, Featherstone and Radaelli, 2003; Bulmer and Lequesne, 2005; and Graziano and Vink, 2006), when we turn our attention to national political parties, the EU is still for most party members and elected officials, a matter of foreign

policy. This background information is necessary when we consider how efficacious political foundations can be, affiliated as they are with the Europarties. We must recall that ‘the underlying reason for the establishment of political parties at European level [is] playing a crucial role in bridging the gap between politics at national and European level and in giving voice to the peoples of Europe’ (p. 3 of present Commission proposal). What I have argued so far is that in regards to the impact that Europarties have had on their member national parties (especially in the 15 EU member states before 2004), they have been very marginal to the internal political life of most major parties. I believe this is an important context to bear in mind when one considers how well political foundations affiliated to a Europarty will be ‘in underpinning and promoting the activities and objectives of the political parties at European level’ (p. 4 of present Commission proposal).

Among the activities that political foundations could undertake the following could be highlighted. I will consider each one in turn:

- observing, analysing and contributing to the debate on European public policy issues and the process of European integration;

There is no question that one can expect high quality analysis by political foundations on the direction of European public policy and related debates. The question is how this analysis can be transmitted. On the one hand, is it clear that national medias devote precious little time and space to substantive EU policy issues. Analyses of media news coverage of the EU, suggests that it expands only slightly from a minimal coverage at the time of EP elections (de Vreese,

2001). Therefore relying on national medias to disseminate the findings and policy positions advocated by political foundations is not a very good basis to pin one's hopes. Over the past decade, political parties' own printed press have diminished in size or disappeared all together, so depending upon dissemination through this manner is also limited. It therefore becomes incumbent on national parties to a) employ their newly established and expanding internet web sites and e-journals to link members to these debates; b) the Europarties own e-journals to be employed for dissemination, for example *European View* of the EPP or *Social Europe* of the PES; and c) for elected officials to make explicit references to findings or positions as expressed in political foundations analyses in order for the national media(s) to make references to them as well. In short, contemporary media outlets and conscious references by elected officials are necessary if the output of political foundations are to have any hope of contributing to public and/or party debates over European public policy.

- supporting European seminars, training, conferences and studies on such issues between key stakeholders;

The potential contribution of political foundations holding Europe-wide seminars, training, etc, is enormous. I particularly think that the further interaction of party personnel from member parties in the post-Communist states with their counterparts in the west is very significant in terms of transmitting perspectives and policy, not to mention values. There are already reports on the nature and quality of activities of the newer member states personnel in Brussels – the EP and Council in particular – that stress the need

for a steep learning curve in relation to lobbying, etc. Any further training would certainly be welcome, at the very least in socialising these party personnel to EU politics. There is also a scholarly literature that argues that the broad consensus on joining the EU as rapidly as possible that existed among the major parties of the centre-left, centre, and centre-right in the then pre-accession countries of central and eastern Europe meant that there was very little debates over the content of the *acquis communautaire*, and that, perversely, this undermined the legitimacy of the EU and fed into euro-sceptic parties actions. It would therefore be welcome in broadening debate through conferences and studies on policy issues between key stakeholders from old and new member states;

- serving as a framework for national political foundations and academics to work together at European level, including youth organisations and other representatives of civil society;

One basic point to make is that not all national political parties have a political foundation, so the net must be cast widely in terms of participants. Some national political foundations do have bi-lateral relationships with others, and in the absence of such invite party personnel from other member states to participate in seminars. The Friedrich Ebert Stiftung (SPD) is one example of such an active national political foundation. A political foundation at the level of a party family would then have a value-added dimension to the existing pattern of activities. As for the involvement of other representatives from civil society, an effort will have to be made to expand the type of participants from only party-related individuals, perhaps by copying the method employed to

bring such people into the Convention on the Future of Europe. Publicising conferences, etc. in mainstream media outlets will be necessary. To alert academics to the work of political foundations, relaying invitations through specialist networks would be useful, such as the British University Association for Contemporary European Studies (UACES), the pan-European European Consortium for Political Research (ECPR), etc.

To summarize the discussion above, the qualitative impact of Europarties on the internal life of their member national parties has been limited, for a variety of reasons, but not least the desire by national party leaderships to confine the European issue so as not to open up problems of internal party management. It is, consequently, the responsibility of national party leaderships to make the contribution of political foundations a success. If their activities are confined to a small set of participants in a virtually closed (European-level) environment, that is, detached from general political life, then the potential for contributing to the development of a genuine European public space will have been wasted.

On the issue of improving the financial provisions governing the funding of the political parties at European level, I have a very brief observation. First, in regards to the proposal to allow a certain percentage (25%) of the annual total income to be carried over in order for parties to better respond to changing political circumstances and priorities, I wholeheartedly agree. If we expect Europarties to increase their visibility amongst the electorate of the EU (much less inside their own member national parties), they must have the resource base with which to react to unpredictable circumstances. The 2004 and 2007 enlargements of the EU have brought in much more financially poorer national

parties that have become members of the various Europarties. Although in no way am I suggesting a transfer or subsidy of national parties by EU monies, these newer member parties have much to gain but little to offer in ways of resources, and so strengthening the resource base of Europarties makes sense in this context.

The proposal to allow parties to build up savings corresponding to 100% of their average annual income also follows the logic stated above. All in all, the number of actors and unfolding political dynamics, future EP campaigns in which Europarties may become more highly visible, relations with future potential accession candidates in the western Balkans, greater visibility through the work of political foundations, all of this means a more challenging environment for political parties at European level. In order to meet these challenges, they should not have to do so ‘on the cheap’. They must be adequately resourced, with full and legitimate transparency, or else funds will be wasted. Certainly future Court of Auditors and European Parliament committees will want to ascertain how worthwhile the activities of such parties have been, beyond simply analysing the financial account books. The extent and quality of contributions to a European public space must also be taken into account.

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# FUTURE ACTIVITIES OF EUROPEAN POLITICAL FOUNDATIONS: SOME PROPOSALS

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## *Context*

The issue of European Political Foundations linked to European Political Parties has to be treated in the wider context of the crisis in the attractiveness and legitimation of the European Union in the past few years. Of particular importance was the failure of the referenda on the Constitutional Treaty in France and the Netherlands and the low turnout in European elections in 2004, 1999 and even before. These experiences have generated criticism of the widening gap between Brussels and its institutions, on the one side, and the European citizens, on the other. Many EU citizens have no idea how, why and for what decisions are made in Brussels. They wish to be better informed and more involved in European affairs and are looking for possibilities of participation. One of the major reasons for the democratic deficit is the missing link between European politics and European citizens as well as between voters

in EP elections and MEPs who often have constituencies ten times larger than those of national MPs.

On the national level, the missing link between government and citizens does not exist so strongly. National political parties provide a mediating function, and political foundations (e.g. in the Netherlands or Germany), which have close links to their respective parties, support party work with a number of activities aimed at organising dialogue with a wider audience of citizens beyond their own party spectrum. It is true that even on the national level, despite existing political structures for communicating with the citizens, “Politikverdrossenheit”, mistrust in the ruling political elites and crises of legitimacy have become commonplace in nearly all European nation states. But, at least there exist political structures for communication between the rulers and the ruled and effective election procedures which have an impact on the next government and the personality leading it.

Circumstances are much more difficult at European level. The existing European political parties, which could play a mediating role, are still far too weak. They are only registered as associations under the national laws of one of the member states, usually Belgium. Furthermore, these parties do not possess a legal personality recognised by all member states, which would enable them to operate transnationally, nor are they able to participate in European election campaigns. (Leinen: 2006). The formal basis for the activities of European political parties has been strengthened since Art. 138a of the Maastricht Treaty, with Art. 191 of the Nice Treaty and the respective articles in the Reform Treaty/Lisbon Treaty. Apart from the principles laid down in EU primary law,

secondary law has also impacted the development of European political parties, notably through regulation (EC) No. 2004/2003 of the European Parliament and the Council of 4 November 2003 on the regulations for political parties at European level and their financing. Because of the importance of the mediating function of transnational European political parties, the European Commission tabled an amendment to regulation (EC) No. 2004/2003 on 27 June 2007<sup>11</sup>. This amendment would clearly improve the financial situation of European political Parties and enhance the role of European political foundations, which could help to mediate and communicate more effectively between the EU and its citizens and vice versa.

### *Problems of developing a true pan-European debate*

The European Commission and the European Parliament try to inform EU citizens on European affairs and stimulate European-wide debates. But it is difficult for them to always reach the citizens and get their message across. Other actors such as national governments could regularly inform the citizens, but are doing so only to a limited extent, very much in contrast to their important role in European affairs. Within the European Council and the Council of Ministers, national governments exercise a strong influence on EU decisions, but their understanding of the EU political process is tied to national and not overarching European interests. Mostly, the governments of the

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<sup>11</sup> Commission of the European Communities, Brussels, 27 June 2007, COM (2007)364 final, proposal for a regulation of the European Parliament and of the Council amending regulation (EC) No. 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding.

member states do not “sell” Brussels’ decisions to the wider domestic public. If circumstances in Brussels develop contrary to national interests, the EU becomes a convenient scapegoat. This negative communication is one important reason for the growing distance between citizens and European institutions.

What would, however, be necessary is a true European debate and not a debate on European topics from a national angle, which only undermines the popular acceptance of European integration (Zürn: 2006). Such a debate would have to rely to a large extent on true European political parties and European political foundations. Conservatives, Social Democrats, Greens, Liberals and other political party families need to organise debates on transnational themes and make clear to citizens their respective party profiles. This would be particularly necessary in the run-up to the European elections in 2009 in order to achieve a greater interest in European affairs and the outcome of the European elections. Up to now, however, citizens perceive EP elections as either politically irrelevant or as an opportunity to punish the current national government. EU elections are not associated with European politics or even Europe as a whole. This means that the quality and content of European elections and the entire debate on European Affairs need to be changed. In short, what is required is the establishment of political structures similar to those in the member states. This would provide the necessary legal preconditions at EU level for genuine European parties and true European political foundations which can work as mediators between EU-institutions and EU-citizens and help to develop step-by-step a true pan-European public space (Scharpf: 1999; Hix: 2003).

### *Steps towards Democratising the European Union*

There is a debate among academics on whether a European public space and a workable European democracy would be possible at all. Some argue that a working democracy needs “ein Volk”, one language and culture, a collective memory and, linked to that, a common identity (Grimm: 1995; Kielmansegg: 1996a/1996b). Without these prerequisites, a European democracy and common public space would not emerge from the many different nations, languages and experiences. Most observers acknowledge these obstacles, especially the strong focus of all political debates on the domestic arena through very particular national frameworks. But some also argue that a transnational debate has been emerging in the last 10 - 15 years around common European issues such as the Euro, the BSE crisis, EU enlargement and the constitutional debate, all of which have promoted awareness among citizens of living in Europe (and not only in a particular member state) and promoted a common European experience and memory (Franzius/Preuß: 2004). Others even argue that transnational democracy-building is possible and necessary with a view to EU law-making for nearly half a billion citizens and that this can be achieved through political institutions and institutionalised democracy within the EU (Hrbek: 2005; Leinen: 2006; Hix: 2003). This view is also supported by the fact that Europeans already live in a single constitutional space based on primary and secondary EU law and the authority of the European Court of Justice, which in turn calls for the existence of democratic institutions like the European Parliament and political organisations like European political parties (Müller-Graff: 2003; Nettesheim: 2004; 2005; Pernice: 2000).

A couple of years ago, Fritz W. Scharpf explained the two sources of legitimacy in the European Union: the input and the output side (Scharpf: 1999). Output legitimacy points to the performance of the EU in solving transnational problems that affect all member states and their citizens. He therefore concluded that it needs to be explained to the citizens what they can expect from the EU and what not, depending on the competences which have been transferred to the European level. Otherwise, the “capability-expectations gap” (Hill: 1993) could widen and weaken the long-term legitimacy and acceptance of the EU. After the end of the “permissive consensus” (Reif: 1993) – a long period in which EU citizens accepted laws and actions taken at European level because they had a positive attitude towards the EU as such – Scharpf argues that input legitimacy would need democratic, transparent and efficient decision-making for overcoming deadlocks in the Council by expanding QMV (Scharpf: 1985;1999) and strengthening the control and participation of citizens, notably through the directly elected European Parliament.

The Reform Treaty of Lisbon, which will hopefully come into force, follows the logic of these arguments through a clearer delimitation of competences and the introduction of elements that strengthen democracy in the European Union<sup>12</sup>:

- The rationale and attractiveness of European elections will be improved. The results of future EP elections will impact the selection procedure of

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<sup>12</sup> All references to amended or new Articles of the Treaties are based on CIG 1/1/07 REV 1.

the future Commission President who would, presumably, come from the strongest political group in the European Parliament. This may in turn lead to the selection of a suitable candidate for the Office of the High Representative of the Union for Foreign Affairs and Security Policy (HRUFASP), likely affiliated with the second strongest political group in the EP.

- The Parliament, after the proposal for a new Commission President by the European Council, will elect the Commission President by a majority of its component members (amended TEU, new Arts. 9a (1) and 9d (7)). If a majority in Parliament for the candidate in question cannot be achieved, the whole procedure has to be repeated.
- The control and decision-making powers of the European Parliament have been strengthened, notably with respect to budgetary affairs. The old separation between obligatory and non-obligatory expenditures has been dismissed, opening up for the European Parliament new room for some changes on the expenditure side of the EU's budget.
- With the new treaty, the "ordinary legislative procedure" (new Art. 249 a TEC and amended Art. 251 TEC now TFEU) will become the rule thereby strengthening the EP's role in co-decision as one of the two legislative chambers (with the Council as the other).
- The decision-making in the Council will be strengthened and streamlined, when, from 2014/17 onwards, the double majority is applied in the qualified majority voting procedure (amended Art. 205 TEC, now TFEU), making the system more transparent, better understandable and clearer with respect to the fact that the EU is based on states and citizens.

- According to the proposed primary law, national Parliaments will obtain a much stronger official role (new Art. 8c of the amended TEU) and may become an important element in the EU's evolving democratic system.
- A citizens' initiative according to the new Art. 8b (4) of the amended TEU was introduced to give EU citizens (at least one million) "from a significant number of Member States" the opportunity to invite the Commission to take action on a particular issue to ensure the better implementation of the Treaties.
- The Charter of Fundamental Rights has become a part of primary law for almost all member states (with the exception of the UK and Poland so far) through the new Art. 6 of the amended TEU. The Charter grants EU citizens protection of their fundamental rights against acts or actions of EU institutions.
- Last but not least, the Lisbon Treaty confirms Art. 191 of the Nice Treaty on European political parties, which are mentioned twice: in the new Art. 8a (4) of the amended TEU and the amended Art. 191 TEC, now TFEU.

### *Review of the Commission's Proposal for Amendments of EC No. 2004/2003*

All that may help to strengthen the preconditions for developing democracy in the EU and establish better links between the EU and its citizens. These are also the objectives of the Commission proposals and initiatives, such as amendments to the November 2003 regulation on political parties at European level, the "White Paper" on a European Communication Policy, "Plan D" on promoting democracy, dialogue and debate, and the "citizenship programme"

for furthering transnational discussions and involving EU citizens in European affairs.

The proposal of the European Commission for amending the existing regulation (EC No. 2004/2003) on political parties at European level and their funding takes some of the financial suggestions of the European Parliament, after three years of experiences with this regulation, into account and tries also to help with setting-up European political foundations that are affiliated to one of the political parties in question.<sup>13</sup> The proposal aims at putting the necessary structures in place before EP elections are held in June 2009 with the hope to intensify communication and the spread of information about EU issues and the (new) importance of EP elections on the national, regional and local levels.

Commissioner Wallström explained the proposal for the improvement of the regulation EC No. 2004/2003 and also, closely linked to it, the Commission's Call for Proposals on European political foundations as a pilot project with the following words: "I firmly believe that communication, dialogue and active involvement of the citizens is crucial for the Union's ability to achieve its objectives and deliver the right policies. European political parties and foundations have a key role to play in bridging the gap between politics at national and European level. Within the coming months and years Europe will face important political challenges and events including the IGC and the elections to the European Parliament in 2009. Against this backdrop, it is all the more important to involve the citizens in a permanent, genuine and informed political dialogue. We need to make it clear to the citizens that their political

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<sup>13</sup> For the Resolution of the European Parliament see: OJ C 292 E, 01.12.2006, p.127.

choice matters and that their active involvement in European issues has a direct bearing on their everyday lives” (European Commission: 2007a).

The Commission’s amendments of regulation EC No. 2004/2003 aim at allowing European political parties “to carry over by way of derogation from the non-profit rule laid down in Article 109 of the Financial Regulation a certain percentage (25 %) of the annual total income from one year to the first quarter of the following year” and to accumulate reserves up to 100 percent of a party’s “average annual income” (COM proposal p. 4, para 3 and 4), which would support sustainability of the European political party landscape. Not the least, the amendment establishes the possibility for “political foundations at European level” to apply for funding through a political party at European level to which it is affiliated (see also the corresponding Commission’s Call for Proposals, DG EAC/29/2007).

On political foundations at European level the Commission states “that such foundations have an important role to play in underpinning and promoting the activities and objectives of the political parties at European level. European political foundations can underpin and complement the activities of the political parties by undertaking a range of activities that contribute to the debate on European public policy issues and European integration, including by acting as catalysts for new ideas, analysis and policy options.” (Commission’s proposal for amendment of EC No. 2004/2003, p. 4, para 5).

The Commission rightly points out that political foundations can undertake different and longer-term activities in contrast to the political parties at

European level, which are more involved in responding to “day-to-day politics” of the EU. The Commission also opens up the very important possibility that “appropriations received from the EU budget” could also be used for the financing of campaigns of the political parties at European level in the context of EP elections as long as this does not lead to direct or indirect funding of national political parties and their candidates. (Commission’s proposal for amendment of EC No. 2004/2003, p. 5)

The European Commission proposes an amendment to Art. 2 of the Regulation (EC No. 2004/2003) by adding a point 4 that defines political foundations at European level and their activities. According to the proposal, a political foundation at European level means “an entity or network of entities which has legal personality in a member state, is affiliated with a political party at European level and which through its activities underpins and complements the objectives of the European political party by performing, in particular, the following tasks:

- observing, analysing and contributing to the debate on European public policies issues and the process of European integration;
- organising and supporting seminars, training, conferences and studies on such issues between relevant stake holders, including youth organisations and other representatives of civil society;
- serving as a framework for national political foundations, academics, and other relevant actors to work together at European level.”

The Commission also makes clear that there are obligations which have to be fulfilled by political parties and political foundations at European level in

connection with funding from which they can be excluded under certain conditions (proposed amendment to Art. 3; Art. 4 with newly added paragraphs 4, 5, 6, 7). The obligations include: publishing revenue and expenditures annually, declaring sources of funding with respect to donations beyond 500 €, and not accepting anonymous donations and “donations from the budgets of political groups in the European Parliament”. The Commission additionally proposes a replacement of Art. 12 of the existing regulation through an Article concerning the evaluation of the new regulation in a European Parliament report to be published no later than 15 February 2011. This would, on the one hand, provide a reasonable period of reference for evaluating the amended regulation of November 2003. On the other hand, it would be a quite long period of time. An alternative suggestion would be to take action in late 2009 (or early 2010) after the newly elected European Parliament is fully operational for drawing up the report. This would allow an earlier start with making the next steps in approaching the legal personality of political parties at European level while strengthening the role of the political foundations affiliated to them.

As far as the Call for Proposals for European political foundations (DG EAC/29/2007) is concerned, the Commission explains that it followed the European Parliament’s draft amendment to the 2007 budget where it proposed inter alia a “Pilot project-European political foundations” which was meant to support the development of “European political foundations and their activities” (Item 15 06 07).

The EP, European political parties and the Commission hope that European political foundations (because of the weak confidence in the EU on part of the

citizens) can establish a further channel of communicating with the citizens, not in competition to national political foundations – which some of these fear – but in cooperation with them. Hence, the Commission rightly states in its Call for Proposals (DG EAC/29/2007, p. 3/18, para 7): “In a joint endeavour, political foundations serve to promote greater understanding, debate and new thinking, as well as constituting a channel through which a greater number of citizens can actively participate in European democracy. Providing a space for debate for national political foundations, think tanks and academics connected to a political movement, European political foundations are as such linked to European political parties.”

### *Evaluation of the Call for proposals DG EAC/29/2007*

The initiative of the European Commission for a pilot project proposal on political foundations at European level has met wide-spread support on part of European Parliamentary groups and European political parties. In addition, it has drawn little criticism, for example from the UK or from some national political foundations fearing competition from the European level. But the latter argument is weak given the small sum of only 1 Mio € (even if this is only for a pilot project that may lead to greater funding in the future) for European political foundations affiliated to ten European parties. National political foundations, in Germany for example, enjoy an annual budget from 40 Mio € up to more than 100 Mio €. <sup>14</sup> The argument about new challenges or even new competition from the European level is thus absurd in view of these facts. Also, the purpose of European political foundations is to support the transnational

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<sup>14</sup> See [www.europa-digital.de/aktuell/dossier/stiftungen/finanzierung.html](http://www.europa-digital.de/aktuell/dossier/stiftungen/finanzierung.html).

dialogue and to work together with (and not against) national foundations for widening vertical and horizontal communication and activities.

Concerning the Award criteria laid down by the Commission in the Call for proposals (points 8.1.1-8.1.5), it has to be stated that these are clear and convincing and fully in line with the objectives of political foundations at European level. The criteria include for each applicant: an adequate activity plan, the consistency of that plan, the visibility of communication activities, geographical radiation of activities, and a focus on multiplier effects.

Less convincing are the modes of financing, which divide funding into three instalments: an initial pre-financing of 40 % after 45 calendar days of the signing of the agreement with the Commission, a second pre-financing on the basis of “the intermediary reports” and the last payment of 20 % after the final reports on the activities and the budget (point 9.1.). This should be changed in accordance with the ordinary tender rules of the Commission to an 80 % and 20 % payment modality in order to avoid investing too much time in applying for the support and reporting within the year of running operations. Instead, the foundations should be free to be able to invest more in activities and less in reporting. Also, the political foundations at European level should, in view of their limited resources, concentrate a greater part of their work on European political education and communication through organising conferences, seminars and public debates instead of accentuating research activities, which are cost-intensive, time consuming and done anyway by a large number of think tanks all over Europe. This however would not hinder the political foundations at European level from following the European debate and

contributing to it through individual proposals or comments on trends in integration policy.

### *Options and Prospects*

The linking function between the European and the various national levels is of overriding importance. Hence, political foundations at European level could offer opportunities for national political foundations and scholars to meet at the European level in an integrated framework and to discuss the prospects of European integration from various national angles and the perspectives of different academic disciplines. Political foundations at European level should also clearly have the opportunity to participate in consultations and hearings of EU institutions on questions related to democracy in the EU, transparency and EU-citizenship. Finally, they could also expand their activities to other civil society actors (NGOs and European movements) in member states, accession countries, neighbourhood states or other third countries. This could further the understanding of the structures and policies of the European Union, notably in accession countries and neighbourhood states, thus helping them to develop more realistic approaches towards integration into the Union or special kinds of closer relationships with it.

Apart from all these possible functions of political foundations at European level, (even on an occasional basis towards citizens outside of the EU), it would be important that they have a clear funding perspective for long-term planning of activities. This is necessary because of their enormous networking and communication potential primarily *within* the European Union, which would

help the still relatively weak political parties at European level to promote a true EU-citizenship.

In the longer term there are a number of options for funding, control and supervision of foundations at European level. The first would be the expansion of the pilot project into a multi-annual Commission programme with similar instruments and control mechanisms as laid down in the present Call for Proposals and the proposed amendments to the regulation of November 2003. The second would be that political foundations at European level send their applications for funding to the President of the European Parliament. An alternative procedure could involve the Chairman of the Constitutional Committee (AFCO) or a special Committee in which representatives of the European Parliament, the Commission, the political parties at European level and academics would be represented. A more traditional model would involve the Presidium of the European Parliament. Another more radical or revolutionary idea would aim at the establishment of a special Agency with close links to the European Parliament and with a design distinct from traditional Commission Agencies. This new Agency would be responsible for funding and monitoring both, political parties at European level and political foundations at European level. Whatever structure is put in place in the future it would need to be a legitimate and efficiently working one and one which would be subject to the rules and control mechanisms of the EU under its Financial Regulations and the relevant judicial control for which the European Court of Justice is responsible.

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EUROPEAN PARLIAMENT



Directorate-General  
Internal Policies

Policy Department C

*CITIZENS' RIGHTS AND CONSTITUTIONAL AFFAIRS*

**Symposium**

Tuesday 3 July 2007  
10 a.m. - 1.00 p.m.

**European Political Foundations:  
Cornerstones for developing a European  
parliamentary democracy**

**European Parliament, Brussels, room ASP 5 G 3**

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|---------------|---|
| 10.00 - 10.10 | Welcome remarks (Jo Leinen, rapporteur AFCO)  |
| 10.10 - 11.30 | Presentation of the Commission: Modification of the Regulation (EC) 2004/2003, on the regulations governing political parties at European level and the rules regarding their funding |

|               |  |
|---------------|--|
| 11.30 - 11.50 | The pilot project European Political Foundations:<br>Presentation of recent developments   |
| 11.50 - 12.20 | Panel: Stocktaking on European Political Foundations:<br>What is their role, what are the challenges and how much<br>progress has been done? |
| 12.20 - 12.50 | Debate   |
| 12.50 - 13.00 | Concluding remarks   |

# Participants

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Jo Leinen, Chairman and Rapporteur

Ingo Friedrich, Shadow Rapporteur

### *Committee on Budgets*

Salvador Garriga Polledo

Catherine Guy-Quint

Helga Trüpel

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Luc Vandeputte, Deputy Secretary General

Tomi Huhtanen, Senior Advisor

### *Party of the European Socialists*

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### *European Liberal Democrats (ELDR)*

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### *Party of the European Left*

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