Introducing the PFxEU tracker dataset: Tracking political financing in the European Union

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Abstract
A rich literature examines the links between politics, money and corruption across the globe. Somewhat surprisingly, this topic has not found much attention in European Union studies. This article presents the PFxEU tracker, an open-access dataset that tracks the financial donations received by European Union political parties. It systematically codes (a) each donation received; (b) its amount; (c) the type of donor; and (d) its region of origin. Analysing the dataset, a cleavage can be observed. On one side are parties that have Eurosceptic and nationalist agendas and individual donors. On the opposite side are federalist agendas and international-business donors. Moreover, individuals form the largest donor category, and nearly half of all donations come from Central and Eastern Europe. PFxEU aims to encourage further research into European Union political financing, supports research collaboration devoted to the analysis of corruption and European Union politics and makes basic political information part of the public domain.

Keywords
Political finance, political parties, European Union, corruption, transparency

Introduction
Amongst scholars studying the role of money in politics, one phrase is particularly popular: ‘money talks’. Studying money in politics offers a novel perspective into political parties’ links to various donors, allows for the observation of potential party capture
and sheds light onto instances of political corruption (Rothstein and Varraich, 2017: 86–88; Rothstein, 2018; White and Ypi, 2016: 8–22).

A notable literature examines financial donations in United States’ (US) politics, their ability to sway political campaigns, to influence policy outcomes and their (il)legality (e.g. Alesina and Rosenthal, 1995; Gilens, 2012; Gilens et al., 2021; Milyo et al., 2000; Poole and Rosenthal, 1984). In the past decade, a growing body of work has examined political finance in other national domains as well (e.g. Hamada and Agarwal, 2020; McMenamin, 2012, 2020).

In the European Union (EU) context, however, research in this area has only recently started to emerge. Scholars examine changes in parties’ financing regulations, the evolution of party funding and links to party membership (Bardi et al., 2010; Bressanelli, 2022; Wolfs, 2022). Conversely, researchers that address corruption in the EU focus on the improper use of funds, regional variance and organizational drivers of corruption (e.g. Mungiu-Pippidi, 2013; Nelken, 2003; Warner, 2011; Obydenkova and Arpino, 2018). Financial donations’ role in Brussels are less explored (see Katsaitis, 2020, 2018 as partial exception). Moreover, the overlap between work on corruption and political finance on the EU level is explored even less, creating a gap in the literature.

Overall, this limits our understanding of money’s role in EU politics, its influence over policy and its potential negative implications. Furthermore, it treats an important phenomenon as a black-box, restricting theoretical discussions and policy responses.

This paper aims to contribute to this research through the introduction of a new dataset: the Political Financing in the European Union tracker (PFxEU). The dataset codes financial donations received by political organizations recognized by the European Parliament’s (EP) Authority for European Political Parties and European Political Foundations (hereafter the Authority). These EU-level political parties must provide their donors’ address, name and the donation’s size in their budgets, which must be submitted to the Authority.

Despite these obligations, the political organizations typically provide information on donations in a non-systematic fashion. Often, this information is provided in the form of a non-standardized table within parties’ budgets. The table is not in the same location or format across party budgets, and information may be missing or is incomplete. The party budgets are available online as pdf files only and without any prior statements as to whether they contain information on donations.

By coding the financial donations received by political parties, this dataset sheds light onto a, thus far, little-explored stream of money that goes into EU politics. In doing so, this dataset offers an opportunity to explore the direction of political finance in Brussels. In addition, it opens up a novel pathway to observe political dynamics at the EU level. Furthermore, it provides an empirical vehicle for cross-disciplinary collaboration between work on EU politics, and research on corruption and transparency.

Money and politics in Brussels

Over the last two decades, research on EU politics, as well as research on corruption and transparency in the EU, has advanced significantly. The Lisbon Treaty increased EU
institutions’ political authority and led to fast-paced changes, especially within the EP. Scholars examine the behaviour of political parties and members of the European Parliament (MEPs), their evolution and their impact on policymaking. This line of research examines how cohesive the agendas of political groups are (Lefkofridi and Katsanidou, 2018), how political groups vote (Hix et al., 2007; Reh et al., 2020; Koop et al., 2018; Hornung et al., 2023) and how close the delegates’ attitudes are to public opinion (Börzel et al., 2023; Brack, 2012).

Work on EU political party financing is more recent. Scholars address EP party financing regulations and budget expansion, in turn highlighting parties’ growth as political organizations within the EP (e.g. Bardi et al., 2010; Wolfs, 2022). Similarly, research on parties’ linkages to non-state actors, such as interest groups, focuses on the relationship’s policymaking aspect where information is the main resource in exchange (e.g. Coen et al., 2020, 2021; Coen and Katsaitis, 2019; Marshall, 2015).

Conversely, research on corruption and transparency in the EU examines the role of EU cohesion funds as drivers/enhancers of corruption (Bauhr and Charon, 2020; Dimulescu et al., 2013; Fazekas and King, 2019; Rothstein et al., 2013). This research examines corruption in relation to political actors (i.e. elected officials) and the public administration (i.e. non-elected officials) in the national and regional domain. By doing so, this body of work provides detailed and nuanced mappings of corruption across the EU.

The corruption and transparency literature addresses political corruption and financial aspects within EU member states, but not in Brussels. The few studies examining political corruption at the EU level scrutinize institutional and regulatory dimensions (e.g. Warner, 2011). As such, there is a rich literature offering nuanced and well-developed discussions regarding the EU’s impact on its member states’ corruption. Nevertheless, it does not sufficiently address political corruption within Brussels.

To sum up, closing the gap between two fields is a worthwhile endeavour for several reasons. Research on public interest groups identifies examples of the role money and donations play in EU politics (see TI, 2020; Hamada and Agrawal, 2020; Katsaitis and Hamada, 2022). Moreover, these examples are linked to alarming cases of political corruption. Second, this research indicates a shift in the structure of EU politics, its financing and potential forms of, and opportunities for, corruption. Therefore, there is a conceptual, as well as an empirical need for these two bodies of work to come closer together. Finally, financial donations given to political parties are basic public information which should be available to EU citizens, scholars and journalists.

Data collection and the data set

Data collection

The Authority is responsible for registering European political parties and European political foundations’ budgets. Specifically, political parties and foundations registered with the Authority represent what are often dubbed as ‘EU-level parties’ or ‘European political parties’ (see Authority for European Political Parties and European Political Foundations, 2023a). These organizations operate and have members across member states (Authority
for European Political Parties and European Political Foundations, 2023b). Significantly, these parties do not necessarily reflect the EP’s political groups. Political groups represent national party amalgamations in the EP, which tend to include EU-level parties. In some cases, EU-level parties identified by the Authority correspond to political groups within the EP, such as the Alliance of Liberals and Democrats for Europe Party or the European People’s Party. However, other EU-level parties identified by the Authority correspond to smaller organizations; for example, the European Christian Political Movement is an EU-level party which is recognized independently by the Authority but joins the European People’s Party’s political group in the EP.

These EU-level parties, like their national counterparts, have associated EU-level political foundations. Political foundations can be more explicitly or loosely linked to specific political parties and wider political movements (Bardi et al., 2010). Whereas political parties focus on legislating and elections, political foundations tend to address wider debates contributing to the meso and macro design of the party’s political agenda (Bardi and Calossi, 2009; Bolleyer, 2012). Foundations tend to bring together coalitions with common political and ideological goals (Dakowska, 2002, 2005). As such, foundations play an important role for the party’s wider mobilization, even though they tend to collect less attention than parties operating within the EP. Because political foundations tend to stay away from the spotlight (Van Biezen, 2003; Norris and Van Es, 2016), they offer a discreet line of communication between the party and actors wishing to support the party cause.

Based on Regulation No 1141/2014, EU-level political parties are required to have their annual budgets assessed and approved by an independent accountant, then submitted to the Authority, which conducts a final check before uploading them to its webpage (Authority for European Political Parties and European Political Foundations, 2023a, 2023b). Budgets are available with a lag of one to three years. The information provided makes EU party financing technically transparent; however, it raises debates about the link between data availability and transparency (Héritier, 2003). Specifically, budgets are provided as links to uploaded scanned-to-pdf or pdf files, while the actual information on donors within budgets is provided in a non-systematic way. For example, parties will provide donors’ lists but not in the same form or location within the budgets. On occasion, addresses (or other information) may be missing and, for example, company names might be misspelled.

Because it not possible to know who the donors might be in any given year, and simultaneously the location of the donors’ list within the budget is not standardized, automated text analysis is not a reliable data collection technique. Therefore, collecting information on donors reliably requires going over the budgets carefully and coding systematically. Note that this makes tracking financial donations particularly time-consuming. Nonetheless, this approach has allowed the creation of the PFxEU dataset, which is an ongoing project. As new budgets become available on the Authority’s webpage, the new donations will be coded and added to the data.

Dataset

The data is provided in two datasets which address at each time two dimensions around the donations. Dataset ‘Organization’ addresses the link between (a) the donor’s
organizational nature and (b) the political organization’s ideological agenda. On the other hand, dataset ‘Location’ provides the link between the donor’s (a) region of origin and (b) the political organization’s agenda.

The data have been divided in these two categories to ensure the anonymity of citizen-donors in line with regulations on data privacy and sensitive political information. Moreover, all donors’ names have been replaced with a donor code. Because political information is sensitive, the dataset takes the precautionary step of not exposing the names of donors to the public domain.

Dataset ‘Organization’ provides information that allows users to explore the link between a political party and different types of donors. This addresses research on donors’ organizational structure and political ideology (e.g. Alesina and Rosenthal, 1995; McMenamin, 2012; Gilens et al., 2021). Moreover, it allows users to explore socio-political cleavages expressed at the EU level, as they are reflected in the different types of donors and the agenda of the political parties receiving donations. Additionally, it offers a starting point for researchers wishing to trace and assess the potential influence of donations on policy outcomes.

Dataset ‘Location’ allows users to explore in greater detail the link between national political systems and political financing at the EU level. On the one hand, similar to dataset ‘Organization’, this allows for the observation of money flows into Brussels from different countries, and specifically how the national polity’s characteristics (and policy preferences) may impact political financing strategies and potentially instances of corruption. Significantly, and in relation to this, dataset ‘Location’ allows users to observe donations from non-EU countries. This is particularly valuable considering that tracing financial flows in politics allows us to identify potential security concerns linking foreign donors to hybrid warfare (Orenstein, 2019). It also contributes constructively to discussions on foreign donors’ influence on EU politics, and their role in political corruption.

Each donor is placed in one of four categories (see ‘donor type’ below). Each receiving party is placed under one of four categories depending on their political agenda (drawing from Katsaitis’ (2020) coding scheme, see ‘recipients of donations’ below). Please note that the donors and donation-recipient categories are produced through a deductive process. I first categorize the donations received per political party and then create categories that encapsulate the population of party recipients. Below, I discuss the datasets categories.

**Donor type.** This identifies the donor based on their (organizational) characteristics using dummy variables (0 and 1). There are four different types of donors. A donor is either (a) a business; (b) an individual; (c) a political organization; or (d) Other.

**Business.** Business donors are cross-referenced with the EU’s Joint Transparency Register (JTR), and are also tracked through online searches. They reflect primarily company interests.

**Individual.** The majority of donations are provided by individual citizens. Please note that an individual may be linked to a company, a political party or be the head of a hedge fund. Because the individual motivation behind the donation is difficult to specify, citizens have not been placed in different categories.
*Political organization.* Normally, political parties cannot act as donors to EU-level parties, and they are more likely to provide financial support through their organizational membership contributions. Nevertheless, a segment of donors are political parties and/or similar types of organizations. Therefore, a specific category was created for them.

*Other.* This is a category that contains miscellaneous donors who do not fit in the above categories.

*Country base.* This focuses on identifying the donor’s main location of operation. For example, donor 53 is a government-affairs office for a major telecom. By cross-referencing the donor’s name with information available on the JTR and organization’s webpages, I can determine that the organization is a company based in the US. The EU’s political party financing regulation does not allow foreign donors to contribute to EU party budgets. However, foreign companies appear to be making financial donations to political parties in Brussels through their government affairs offices in the EU. For example, a Chinese-based telecom company donated money to an EU political party through its Berlin-based government affairs’ office.

*Recipients of donations.* These can be either a political party or a political foundation (0 or 1, respectively). Based on their political party agenda, they can belong to one of the following categories: (a) Christian; (b) Nationalist; (c) Eurosceptic; or (d) Federalist. Political organizations are placed under a category based on their agenda’s key focus, drawing from Katsaitis (2020). Considering the parties that have received a donation so far, the classification does not risk the validity or reliability of the analysis: the categories are exclusive.

**Assessing the dataset**

A brief assessment of the data offers some interesting glimpses into the political financing of political parties at the EU level. It also demonstrates what can be done with the database. Below and in the Online appendix provide crosstabulations which take into consideration the different donor and recipient categories.

It is important to note that EU politics and political campaigning are very different to the US. The financial amounts in the EU do not compare to the staggering numbers observed in the US. Nevertheless, understanding political parties’ transnational mobilization, its partisan dimensions and potential instances of political corruption requires us to track financial flows. We must follow the money (e.g. Alesina and Rosenthal, 1995) to answer questions such as why and when some parties receive donations when others may not and why donors choose to donate to some parties over others. For the purposes of this demonstration, the donors’ *country base* categorization has been compressed to four categories: (a) Western Europe; (b) Central and Eastern Europe; (c) UK; and (d) international donor.

Three results are particularly interesting. Individuals are the largest contributors in terms of the number of donations and total amount. This donor category made 436 donations totalling 1,711,695 EUR, with an average donation amount of 3926 EUR. The primary recipients of individuals’ donations are nationalist and Eurosceptic parties. These donations reflect 44% and 39% of their total donations received.

Business has a strong presence in Brussels and has the resources to mobilize (Coen et al., 2021; Coen and Katsaitis, 2022; Katsaitis, 2015). However, it has not decided
yet to use financial resources to directly support parties in Brussels. This is observable in the total and average size of its donations. Through a total of 174 donations at an average of 7304 EUR per donation, business donors have given 1,270,881 EUR primarily to federalist parties. Theses thus make up 45% of total received donations of federalist parties (see Online appendix).

‘Other organizations’ is a mixed category consisting of groups such as civil society organizations, cultural associations and religious organizations (often classified as CSOs or NGOs). In this category, a total of 1,335,223 EUR (25% of total donations) was donated, primarily to Christian political parties: this makes up 45% of their total received donations.

Considering the geographic origin of the donations, note that donors are primarily from Central and Eastern Europe, totalling 2,062,538 EUR (39.5% of total donations), followed by Western European donors with 1,521,810 EUR (29% of total donations). On the one hand, this highlights the link between Central and Eastern European donors and Eurosceptic and nationalist political parties. On the other hand, this indicates the use of financial resources as a political tool from players that are relative outsiders to EU politics.

An interesting cleavage emerges between international business donors and political parties that are closer to a federal agenda and Eurosceptic and nationalist parties that are closer to individual donors. Significantly, as Tables 1–3 demonstrate (see also the Online appendix), Eurosceptic and nationalist parties are the top recipients of donations.

Moreover, all donations are received by parties that are on the centre and extreme right of the political spectrum. This is not to say that parties on the left of the spectrum do not receive financial support. It is possible that other parties may be receiving financial support through party memberships or financial donations at the national level. Nevertheless, in terms of financial donations and EU-level parties, the data reveals a distinct post-functional cleavage between business and federalists versus Eurosceptics and citizens (see Hooghe and Marks, 2009, 2019; Marks et al., 1996).

Furthermore, the analysis suggests that political parties on the Eurosceptic and nationalist side of the political spectrum have been performing particularly well in terms of financial donations. It is possible that this may change in the future. However, it indicates that currently parties of a specific ideological brand are better at mobilizing some limited public support. It also suggests that specific types of political parties employ different strategies to address their financial needs.

### Table 1. Percentage of political parties’ total received donations from different donor categories.

<table>
<thead>
<tr>
<th>Party Type</th>
<th>Business (%)</th>
<th>Individual (%)</th>
<th>Political org (%)</th>
<th>Other donor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christian</td>
<td>6.7</td>
<td>10.6</td>
<td>25.4</td>
<td>57.3</td>
</tr>
<tr>
<td>Nationalist</td>
<td>24.7</td>
<td>43.8</td>
<td>26.7</td>
<td>4.8</td>
</tr>
<tr>
<td>Federalist</td>
<td>45.4</td>
<td>11.9</td>
<td>12.0</td>
<td>30.7</td>
</tr>
<tr>
<td>Sceptic</td>
<td>21.5</td>
<td>39.2</td>
<td>10.3</td>
<td>29.1</td>
</tr>
<tr>
<td>Total</td>
<td>24.3</td>
<td>32.8</td>
<td>17.3</td>
<td>25.6</td>
</tr>
</tbody>
</table>

Note: All percentages add up to 100%.
Conclusion

In democratic polities the financial donations received by political parties should be information easily available to the wider public. In the EU this is not yet the case. This stifles research on corruption and transparency as well as research on EU politics. The PFxEU dataset systematically collects data on the political financing of EU-level political parties and makes them available for other researchers and the wider public to use. The project intends to continue assessing recorded budgets and making them available to a wider audience in a similar fashion.
This dataset is a unique tool for researchers. First, it allows for the assessment and examination of EU-level political parties’ financial structure and financial flows in greater detail. A cleavage is visible between EU-level political parties with nationalist and Eurosceptic agendas receiving donations from individuals while federalist parties receive most of their donations from international business donors. Moreover, individuals form the largest donor category. While donors are located in different countries, those from Central and Eastern Europe donate nearly half of all donations.

To examine why these patterns occur and how financial donations impact parties and policy, we must have systematic data tracing financial flows to political parties. Moreover, donations are an undeniable link between a party and its donors. This offers a unique proxy for the growing socio-political dimensions of EU integration.

This dataset provides a path for collaborations between scholars working on corruption and transparency and research on EU politics. Specifically, the PFxEU dataset allows its users to observe and assess potential links between political financing and corruption in EU-level politics, quantitatively as well as qualitatively. This is particularly relevant given the rise in cases of political corruption in Brussels and foreign governments’ use of political finance; whether to influence policy and/or as a tool of hybrid warfare.

As mentioned above, this dataset is an evolving project. It offers a perspective into a stream of money entering EU politics. Simultaneously, it hopes to encourage further research into EU political financing as scholars attempt to map out other such financial streams and their role. Further mappings of political finance across member states and the networks they form alongside the EU offer a fruitful way forward for the field. Moreover, appreciating the impact of these flows on EU politics and policy provides an additional path for advancing research in this area.

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Supplemental material

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