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Political Parties Going Dutch: Party Finance In The Netherlands

R.A. Koole¹

1. Introduction

Ever since its birth, the system of parliamentary democracy has had an uneasy relationship with the realm of money. Uncontrolled and uneven flows of money may hamper the democratic functioning of the system. And yet, without money the system will not function at all. The proper conduct of free elections is unconceivable without money being spent by parties, candidates or both. The dependence of parties and candidates on people or organizations willing and able to furnish money, therefore, is a natural feature of every democratic system. But the eternal question in this respect is: how far can we go? What type and what degree of dependence is acceptable? How to prevent that a Maecenas turns into a Mammon?

There are no simple answers to these questions, not only because normative questions usually lead to different replies inspired by distinct ideological orientations. The lack of sufficient reliable data also frustrates the attempts to draw clear demarcation lines between what is acceptable and what is not. But this must be considered an impetus for further systematic research, rather than a reason to abandon this scientific field altogether.

A first goal of this article, therefore, is to provide – in a comparative way – some recent data concerning the finances of the three major Dutch parties: the Christian Democratic Appeal (CDA), the Labour Party (PvdA) and the Liberal Party (VVD). It will do so after having given an assessment of what is meant by 'party finance'. Furthermore, special attention will be attributed to the desirability of direct allocation of public funds to political parties, since this form of state subvention to parties might be introduced in the near future. Finally, Dutch party finance will be compared globally with the 'costs of democracy' in some other countries.

2. The concept of party

A requirement for any systematic research, including that on political finance, is the coherent use of clear concepts. When dealing with 'party finance' one needs to define a party. What exactly do we mean, for instance, when we state that party X spent a certain amount of money during its election campaign?

In order to avoid a lengthy definitory exercise, we will simply begin to state that a political party is any organization that selects and presents candidates for representative bodies and public office. Yet, the understanding of party finance demands a more detailed approach. Therefore a certain 'deconstruction' of the party is necessary.

A first distinction has to be made between the party organization and the individual candidates. In many political systems aspirants spend a lot of money even before they are selected by the party to be its candidates. And once they are officially entitled to use the label of 'candidate of party X', they may continue to raise and spend money on their own account, even when the party supports the campaign of its candidates financially. Although it will not always be easy to disentangle both types of expenditures, the discrimination between *party finance* and *candidate finance* seems to be a prerequisite to compare political finance in different countries. The United States and the Netherlands may be looked upon as two extremes in this connection. Whereas the American candidate is personally involved in keeping the campaign budget sound, his Dutch counterpart does not run any personal financial risk, since it is the party that completely organises and finances the selection process as well as the election campaign. The differences in electoral system explain this divergence only partly. Cultural patterns are also believed to play an important role.

A second distinction must be made between the *different levels* within a party organization. Spendings at the national or federal level only form a part of the expenditures of a party organization as a whole. Most reliable data that are available are limited to the highest level, the national or federal party organization. With respect to the flow of money a *pars pro toto* approach is, however, impossible. As we will show below, sub-national party organizations in the Netherlands spend more money in election campaigns than the national party does. Therefore, comparisons (in time or in space) must carefully take into account the organizational scope of the finances involved.

Thirdly, the distinction between the *party*, its *affiliated organizations* and *party business enterprises*² is important, especially in the Western European countries. When trying to assess the total amount of money a party spends

or receives, one cannot simply include the turnover of party business enterprises, such as newspapers, travel agencies, banks, etcetera. But these enterprises are, of course, very important when it comes to understand where the money comes from. In the Netherlands, however, these enterprises (companies, cooperatives or partnerships subject to party control) hardly exist nowadays. More important are the affiliated organizations, such as the scientific foundations, party schools and womens' or youth organizations. They are non-profit organizations, mostly with a separate legal status, but closely linked with the party organization. None of them are as huge as the German *Stiftungen*, one of which employs about 675 persons (in the Netherlands the largest foundation hires about 15 people),³ but the financial span of these permanent organizations cannot be ignored. Nevertheless, when dealing with party finance, the national headquarters of the party and the affiliated organizations will be treated separately.

Finally, the natural tension between a political *party* and its *representatives* in municipal councils and in provincial, state, national or federal parliaments must also be made visible in financial terms. At the national level this means that attention should be given to the income and spendings of individual parliamentarians and to the finances of the parliamentary party as a whole in contrast with the finances of the party's extra-parliamentary organizations. Individual representatives and especially the parliamentary party present themselves, of course, under the label of the party. But the term 'party finance' will be reserved here for the finances of the extra-parliamentary party organization; income and spendings of the partisans in parliament will be referred to as 'parliamentary finance'.

3. Parliamentary finance in the Netherlands: General features

a. *The 'salaries' of the members of Parliament* – Article 63 of the Dutch Constitution states that 'financial provisions' can be arranged by law for members and former members of Parliament and their heirs. In accordance with this stipulation two different financial regimes have been set up.

The members of the First Chamber (*Eerste Kamer* – Senate), who are elected indirectly (via the provincial councils – *Provinciale Staten*), receive only a so-called attendance fee for every day they are present at a plenary session or a committee meeting, an annual allowance to meet travel expenses and a small compensation for other costs they make in connection with their senatorial activities. Only the Chairman of the First Chamber

receives an extra grant. Altogether these indemnities are relatively modest. The fulfilment of this representative function is considered to be a side-line. Therefore, most Senators are part-time politicians.

The 150 members of the more important and directly elected Second Chamber (*Tweede Kamer*) receive much more money nowadays. Since 1968 when a completely new system of payment was introduced, these MP's can refrain from having other sources of income without sinking below a decent level of income. Nevertheless, this type of income is still called an 'indemnity' and not a salary. The reason for this is twofold. When the indemnity was introduced in 1805 it was argued that the function of representative was not a full-time position. MP's, therefore, had probably to rely on the income from other positions. Because this income would diminish when a delegate was to dedicate part of his time to his representative function, the reduction was to be compensated for by an indemnity. Certainly since 1968, when the annual amount of money was doubled at one go, this historical reason is not valid anymore. But because the legal status of this source of income differs considerably from that of a normal salary,⁴ the term 'indemnity' is still in use.

Today, the indemnity is about Dfl. 100,000 per annum. Next to this, representatives receive a travel allowance of about Dfl. 13,000. Special arrangements have been made with respect to contributions towards pension, social security, etcetera. An extra so-called 'functional allowance' is given to the chairmen of the parliamentary parties (depending on the number of seats) as well as to the chairman and vice-chairmen of the Second Chamber.

So the income of a member of the Second Chamber has been improved considerably since 1968, which may have fostered the ongoing process of professionalization of parliament;⁵ but it does not allow for substantial spendings on assistants or election campaigns.

b. Individual and collective assistance of the parliamentary party – The individual members of parliament could always call on the services of the Clerk of the House (*Griffier*), whose office was, and still is, relatively small. But with the growing professionalization and the increasing work load of parliament in a welfare state, extra assistance was introduced for the members of the Second Chamber. In 1964 the parliamentary party as a collectivity could claim some money for its office; and from 1965 onwards money was made available to the parliamentary party to hire staff.

In 1974 this system of collective assistance was accompanied by a program of personal assistance to the individual MP's. Thus by the end of the 1970s each MP could have one full-time assistant at his or her disposal.

Although the systems of individual and collective help were set up separately, they tend to integrate financially into one fund to hire staff.

The size of the collective assistance depends on the number of seats occupied by the parliamentary party. In order to calculate the exact amount of money, the 'functional allowance' of the chairman of a parliamentary party (which depends on the number of seats) is multiplied by a certain factor (in 1987: 146.42). The functional allowance is the sum of a fixed basis amount (Dfl. 1,456 in 1987) and an amount that increases with the number of seats (Dfl. 437 per seat in 1987). Next to these funds to hire staff, a smaller quantity of money is accorded in a similar way to the parliamentary parties for administrative costs.

Thus, in 1987, the total costs of collective assistance were estimated at Dfl. 11,616,300, those of individual assistance at Dfl. 5,304,000: almost three times as much as ten years earlier.⁶ To date, about 300 assistants are at the disposal of the individual representatives and/or the parliamentary parties. The Office of the Clerk of the Second Chamber employs another hundred people who offer their services to the delegates (apart from security and housekeeping personnel).⁷ It is not surprising, therefore, that warnings have been heard against the looming danger of too much parliamentary bureaucracy. Some critics argue that instead of diminishing the work load of the parliamentarians, the growing number of staff paradoxically nourishes the overload situation by creating and attracting more work.⁸ Parliamentary activism has indeed grown substantially the last two decades.⁹ What exactly the causal relationship is between parliamentary activism and the number of assistants remains hard to assess. But it is clear that, due to the increase of financial means for parliamentarians and parliamentary assistance, the 'class' of political professionals who live for and from politics, has expanded.

4. The finances of the CDA, PvdA and VVD headquarters

a. The income of the CDA, PvdA and VVD national headquarters – Only about four per cent of the electorate of the three major parties is a dues paying member of these parties. This may not be exceptional compared to parties in some other countries, but it explains the modest scale of Dutch party finance, because *membership fees* constitute the principal source of income for Dutch parties.¹⁰

Since the 1970's, when the collection of membership fees was centralized in most parties, one can have a good impression of how much money

Table 1: Total income from membership dues in 1987

party	total amount membership dues	% for nat. headquarters	number of members	average per member
CDA	f 5,899,943	75%	126,119	f 47
PvdA	f 8,607,965	70%	101,141	f 85
VVD	f 4,457,285	53%	76,282	f 58

was received by looking at the official audits of the parties. Table 1 shows the figures of 1987. All parties transfer a certain percentage of their total income from membership dues to the regional and local party organizations. CDA and PvdA relocate 25% and 30% respectively; the VVD as much as 47%. The relatively big financial power of the sub-national party echelons of the VVD, fits in with its traditional emphasis on the autonomy of local and regional organizations and with the enormous political weight the latter still have in the internal decision-making process.¹¹ But the weak financial position of the national party organization of the VVD at present (see below) might make one question the wisdom of the relatively high percentage of intra-party transfer of income from membership dues to the lower organizational strata.

Table 1 also shows that the average fee of the members of the PvdA is considerably higher than those of CDA and VVD members. Roughly speaking, one could say that the average membership fee changes with the position of the party on a left-right scale. Members of left wing parties pay more than members of more conservative parties.¹²

In table 2 various sources of income of the national party bureaus are distinguished. It is clear how important the membership dues are. Around 80% of the total income stems from the annually paid fees. If one should not include the share that is transferred to the sub-national party organizations, this percentage still is very high: 75% for all three parties. It has to be borne in mind, however, that the national party headquarters do not include the affiliated organizations. If all sources of income of the latter should be added up to those of the national headquarters, the share of the membership dues would of course go down (to about 60%),¹³ but it would still remain the most important source of income.

Party members also support the party financially in another way. In election years, but sometimes in other years as well, special *fundraising actions* among members are held in order to fill the purse of the party. Mostly, the results of these actions are stored away in special election funds, which do not figure on the current annual budget. The funds also receive money from the party in the shape of annual reservations on the budget.¹⁴

Table 2: Income and expenditure of PvdA, CDA and VVD national headquarters in 1987, excluding the affiliated organizations – an overview

	PvdA		CDA*		VVD	
expenditures	f	%	f	%	f	%
salaries						
(gross)	3,675,000	34	1,829,013	24	943,093	16
transfers to regional and local party branches	2,561,450	24	1,460,838	20	2,080,249	35
subsidies to affiliated organizations	2,117,000	20	1,130,000	15	435,063	7
other	2,316,449	22	3,056,934	41	2,436,571	41
TOTAL	10,669,899	100	7,476,785	100	5,894,976	99
income						
total membership fees	8,607,965	82	5,899,943	79	4,457,285	84
'party tax'	1,234,569	12	–	–	–	–
gifts	25,000	0	–	–	392,746	7
interest	434,889	4	232,929	3	16,679	0
mass fundraising	–	–	–	–	321,577	6
other	246,177	2	1,317,387	18	91,284	2
TOTAL	10,548,600	100	7,450,259	100	5,279,571	101

* Including several subdivisions of the party headquarters, that figure separately in the CDA audits, i.e. the Central Election Committee (CVC), the Cadre School and the Emancipation Project. The 'other' expenditures and income of the CDA include the figures of the party periodical *CDActueel*

Usually these funds are dried up after the national elections, to be refilled in the years after. If money from fundraising actions is not put aside in the election fund, it can be used for the current budget. The VVD did so in 1987, probably because its financial position was very delicate. A special category of party members furnishes the PvdA with a considerable amount of money: those who fulfil jobs thanks to their membership of the

PvdA, mostly representatives at the local, provincial and national level. As elsewhere, this 'party tax' is common in left wing parties. In the Netherlands the smaller leftwing PSP, PPR and CPN also oblige 'their' politicians to pay a share of their political income to the party. Compared to these parties, the PvdA demands only a small share: 2%. For the party's budget, however, the special levy is important. In 1987 more than 1.2 million guilders was 'granted' to the party in such a way (12% of the party's total income).¹⁵ But most of it is earmarked, i.e. the party is not allowed – by its own rules – to spend this money freely, but has to use it to finance specific activities, of which the work done by the sub-division of the research institute that deals with local politics is the most important.

Other gifts (i.e. not within the framework of fundraising actions or in the form of a 'party tax') are far less important. All sorts of gifts to the party chest as well as the membership dues are tax deductible. This is equally true when contributions come from business corporations.¹⁶ Yet, today, the national headquarters of the CDA, PvdA and VVD hardly receive any money from business circles.¹⁷ The affiliated organizations receive somewhat more, but this should not be exaggerated. Probably as a normative result of the democratisation movement at the end of the 1960's, business donations are considered to be more or less improper for parties, although they are completely legal. Moreover, the 'depillarization' also loosened the ties between parties on the one hand and the entrepreneurial world and the unions on the other. The Lockheed affair may have fostered the reluctance of businessmen to grant money to political parties.¹⁸ Finally, the politics of neo-corporatism in the Netherlands probably provides them with enough channels to influence politics: they do not need party organizations in this respect.

The VVD, however, received almost Dfl. 400,000 in 'gifts' in 1987, as table 2 indicates. But this includes Dfl. 320,000 donated by the so-called 'Dresselhuys Foundation'. This foundation was originally set up in the 1920's to support one of the predecessors of the VVD. Its existence was more or less rediscovered in 1978 by the party secretary, when its capital was said to be about Dfl. 400,000. The foundation is managed by leading members of the VVD. When the financial problems of the VVD became paramount in the mid-1980's, the foundation started to augment its donations to the party considerably. It cannot be excluded that money from business circles or other sources flows to the VVD via the Dresselhuys Foundation, since the capital of this foundation in the 1970's hardly allows donations of this size by now. Yet even if this is the case, the amount of money involved is still relatively small.

Table 2 mentions one other specific source of income: *interest*. Especial-

ly the PvdA is lucky in this respect. This must of course be explained by the relative wealth of the party. The annual income of the party is the highest of all parties and this is equally true for its *capital reserve*.

At the end of 1987 the PvdA had a capital reserve of over 7 million guilders, the CDA more than 2.5 million guilders, whereas the VVD was in trouble with a negative reserve of somewhat more than a hundred thousand guilders. It may seem strange that out of the three parties it is the leftist PvdA that possesses the most 'capitalist' characteristics, as is also illustrated by the nearly 3 million guilders it has invested in stocks. To a large extent this paradox can be explained by the fact that the PvdA was able to build up its wealth during the period of 'pillarization' (*verzuiling*) before the mid-1960's, when the ties between the party and the congenial organizations within the 'socialist family' were very close. The same is true for the CDA, which was founded in 1980 as a fusion of two Protestant parties and one Catholic party. But the 'deconfessionalization' of society, and hence the loss of members, also affected the wealth of these parties, although it did not hit all the parties equally. When the three parties merged into the CDA, most of the capital reserve that was left was handed over to the new party, giving it a relatively strong financial start.

The VVD, ideologically so close to entrepreneurial circles, has always been financially weak. It was the least 'pillarized' party, and, hence, it could not count on the support of congenial organizations. When the pillarized system disintegrated in the 1960's, the VVD was able to take ad-

Table 3: Capital reserve of the national headquarters of the CDA, PvdA and VVD at the end of 1987 (in guilders)

	CDA*	PvdA	VVD
<i>Assets</i>			
liquid resources			
and deposito	3,458,388	3,054,037	1,762,824
stocks	1,831,259	2,926,500	0
real estate	5,874,431	3,000,000	730,000
other	1,461,306	2,181,291	575,734
total properties	12,625,384	11,161,828	3,068,558
<i>Liabilities</i>			
mortgages	4,517,807	0	0
other	5,442,293	4,101,925	3,176,479
total debts	9,960,100	4,101,925	3,176,479
<i>Capital reserve</i>	2,665,284	7,059,903	- 107,921

* Including the special 'CDA Housing Foundation'

vantage of this process in terms of voters and members, be it with some delay. In the 1970's the party grew enormously. But the extra money that resulted from the increase in members was needed to set up a more adequate party organization that was able to handle the influx of new members. Apparently, it was impossible to build up a decent capital reserve at the same time. The exodus of more than 25,000 members between 1980 and 1987 (26% of the total membership) put the party (again) in a very delicate financial position, with no capital reserve left. The CDA lost about the same number of members (from 152,885 in 1981 to 126,119 in 1987-18%); the PvdA about half of it (from 112,929 in 1980 to 101,141 in 1987-10%). But these two parties can rely on a somewhat firmer financial basis, although they also are confronted with financial constraints because of a lower number of members and because the average membership fee did not keep up with the inflation rate and even decreased in absolute figures.¹⁹

b. *The expenditures of the CDA, PvdA and VVD national headquarters* – Dutch political parties spend much more money on permanent party organizations than on campaigns for elections. Of course, both types of expenditures are closely interrelated. The permanent party machinery is the nucleus of each campaign. In the end, almost all activities of the party organizations can be considered to be election-related. So, if one speaks about the costs of election campaigns (see c), this means the *extra* money a party spends during a campaign.

As stated above, the national party bureaus transfer an important share of the income from membership dues to the sub-national party organizations. These transfers cannot be interpreted as expenditures of the national headquarters as such, but they are included in table 2 to give an idea of how much money passes through the hands of the party executive.

The payment of members of the executive board and the staff constitutes the most important item on the budget of the parties. If the transfers to sub-national party echelons are not included, CDA and VVD both spend 30% of their total expenditures on *salaries*; the PvdA 46%. If the costs of the salaries are used as a yardstick to measure the degree of bureaucratization of the national headquarters of the parties, this implies that the PvdA is far more 'bureaucratized' than the other two major parties. Table 4 gives some figures for 1980 and 1987.

Taking its number of members into account, the PvdA spent about three times as much money on salaries in 1987 as the VVD and the CDA. And whereas the CDA and VVD managed to limit the expansion of the costs of salaries considerably, the absolute figure of the PvdA increased

Table 4: Salary expenditures of national party headquarters in 1980 and 1987 (in guilders)

party	1980		1987	
	salary expenditures	average per member	salary expenditures	average per member
CDA	1,800,000	12.25	1,829,000	14.50
PvdA	2,697,000	28.07	3,675,000	36.34
VVD	845,000	9.83	943,093	12.36

with 36% between 1980 and 1987. The fact that the PvdA lost only half as much members as the other parties in that period, may explain this phenomenon to some extent.²⁰ The average salary costs per member increased with 8.3% in the PvdA, 2.3% in the CDA and 2.5% in the VVD. But also the fact that the PvdA could rely on a secure financial reserve (see above) explains the continuing, albeit very slow, process of bureaucratization within the PvdA; a process that has been stopped in the other parties due to budgetary pressure. Yet, the 'bureaucracy' of the PvdA should not be overestimated. In 1987 the staff of the national headquarters consisted of 54 persons (46.9 full-time equivalences), as many as the year before.²¹

Table 2 also mentions *subsidies to affiliated organizations*, such as the scientific and educational foundations and the youth and women's organizations. Again it is the PvdA that gives the highest subventions, not only in absolute figures, but also relatively. The scientific, educational and youth organizations can claim state subvention (see below), but on the condition that they are able to prove that they also receive a certain amount of money from other sources (matching funds system). So, for these organizations the donations by the party are not only important in itself, but also as a means to claim state subventions. The less money an affiliated organization receives from the party, the more it has to try to attract other sources of income in order to be able to claim the maximum state subvention. Especially the affiliated organizations of the VVD are confronted with such a need, since the party donates relatively little money.

The *other* expenditures mentioned in table 2 are the sum of various items. Most of them are organizational costs, but also the publication of party journals goes to great expense. All three parties distribute a party journal, for which no extra subscription fee is required. Within the VVD, however, the subscription fee forms an earmarked part of the membership fee. In 1987, therefore, almost one million guilders coming from the membership dues were used for the exploitation of the party journal *Vrij-*

heid en Democratie. PvdA and CDA have both a gratis members' journal and a party journal for which additional subscription is needed. The CDA includes the costs and the benefits of the additional party journal (*CDA-actueel*) in the annual budget of the party. Together with the free members' journal this party journal costed about Dfl. 900,000; the benefits were about Dfl. 570,000. The production of the additional party journal of the PvdA, *Voorwaarts*, costed about Dfl. 880,000, of which Dfl. 640,000 was covered by subscription fees and proceeds from advertisements.

c. *The costs of election campaigns* – An important feature of the Dutch elections is the fact that they are only held for the municipal and provincial councils, the Second Chamber of Parliament and the European Parliament. There are no direct elections for public offices: ministers, provincial governors and also mayors are nominated, not elected. Senators are elected indirectly by the provincial councils.

The elections for the Second Chamber, on which we concentrate here, are held every four years, unless a cabinet crisis induces an advancement. In 1981 regular elections were held, in 1982 the fall of the centre-left cabinet provoked new elections, in 1986 the elections took place again after a regular period of four years, whereas in 1989 a crisis within the centre-right cabinet called for new elections. In this section we will deal especially with the elections in 1981 and 1986, because of their regular character, which allowed the parties to conduct 'full-scale' campaigns.²²

A few months before the 1986 elections for the Second Chamber, voters went to the ballot-box to choose their representatives in the municipal councils. Political parties, therefore, conducted 'integrated campaigns'. By consequence, the expenditures for both elections are often hard to distinguish. In tabel 5 the total expenditures by the national headquarters for the 'integrated campaigns' in 1986 are compared with the costs of the elections for the Second Chamber only in 1981.

Table 5: Expenditures by the national parties during the campaigns for the Second Chamber and the municipal councils in 1986, compared with the national elections in 1981

party	expenditure (x f 1000)		average per voter at the national elections		average per member	
	1986	1981	1986	1981	1986	1981
CDA	1,350	1,500	0.43	0.56	10.53	9.50
PvdA	2,921	2,862	0.96	1.16	28.34	25.98
VVD	1,518	1,162	0.95	0.77	17.71	12.73

Surprisingly, the 1986 expenditures were hardly higher than those of 1981, although they also included the costs for the 1986 local elections. The average costs per voter even dropped for the CDA and PvdA electorate, but this was also due to the electoral gains of these parties. Inversely, the considerable loss of votes for the VVD explains the increase of the average costs to a large extent. The average amount per member increased for all parties, mainly because all three parties have lost a significant number of members.

Do the figures for 1986 mean that Dutch election campaigns have become even cheaper than they already were? This is indeed a plausible explanation.²³ But one could also argue that a campaign is a campaign, no matter how many elections are held in a certain period. The length of the integrated campaigns in 1986 was about the same as the campaign period in 1981. And since all so-called 'secondary' elections tend to become 'nationalized' anyway, the local elections hardly called for an extra (financial) effort by the national headquarters. Some cynics even considered the local elections a more or less useful opinion poll for the 'real' elections for the Second Chamber.

Only the PvdA has published separate figures for both elections in 1986. The national party bureau spent Dfl. 1,010,000 on the local elections and Dfl. 1,910,000 on the national elections. This would imply that the expenditures for the national elections dropped with 33%, when compared with the costs of the 1981 elections; a phenomenon only to be explained by the fact that the campaign for the national elections was partly covered by the one for the municipal councils.

Whatever the explanation for the low figures of the election spendings in 1986 may be, it is clear that the campaigns conducted by the national headquarters remain very cheap, when compared with other countries (see also below). It is, however, not just the national party bureau that is active in conducting election campaigns. The sub-national party organizations are involved too, also financially. But exact aggregate data about how much money they spend for local as well as national elections are almost impossible to collect. Therefore, within the framework of a special research project on political parties at the University of Leiden, the secretaries of the local party branches were asked how much money their branch spent for both elections in 1986. Based on these data, estimations are made about the aggregate expenditures of local party branches. Table 6 indicates that the party branches of the PvdA spent somewhat more on both elections than the national party did, the VVD branches more than doubled the national spendings and the local CDA organizations almost tripled the expenditures by the party headquarters. Of course, most local

Table 6: Expenditures by the CDA, PvdA and VVD national and local party organizations during the campaigns for the Second Chamber and the municipal councils in 1986

party	expenditure (x f 1000)	average per voter at the national elections	average per member
CDA-national for both elections	1,350	0.43	10.53
CDA-local for national elections	750		5.85
CDA-local for local elections	3,000		23.40
CDA-local for both elections	3,750		
CDA-total for both 1986 elections	5,100	1.61	39.78
PvdA-national for national elections	1,911		18.54
PvdA-national for local elections	1,010		9.80
PvdA-national for both elections	2,921	0.96	28.34
PvdA-local for national elections	670		6.50
PvdA-local for local elections	2,500		24.26
PvdA-local for both elections	3,170		
PvdA-total for local elections	3,510		34.06
PvdA-total for national elections	2,581		25.04
PvdA-total for both 1986 elections	6,091	2.00	59.10
VVD-national for both elections	1,518	0.95	17.71
VVD-local for national elections	900		10.50
VVD-local for local elections	2,500		29.17
VVD-local for both elections	3,400		
VVD-total for both 1986 elections	4,918	3.08	57.38

Source: Data on the expenditures by the national party are based on the audits of the national party headquarters; data on the expenditures by the local party branches are estimations by Philip van Praag based on the results of a survey among local party secretaries within the framework of the 'Party Project' of the University of Leiden (see Van Praag, 'Verkiezingscampagnes in de afdelingen', in: *Jaarboek Documentatiecentrum Nederlandse Politieke Partijen 1986*, Groningen 1987, p. 69-70)

financial means went to the campaigns for the local elections. In fact, the latter appear to be far more expensive than the national ones. If one takes the number of seats to be allocated into consideration, this may seem to be only natural. But a more accurate yardstick is the number of people entitled to vote. This number is a little higher for the local elections than for other elections, because recently the right to vote for the municipal councils had also been given to foreigners with more than five years residency

in the Netherlands. This group of potential voters is difficult to mobilize, and might therefore be 'more expensive' for the political parties than Dutch voters. It does not explain, however, the amplitude of the differences in national and local campaign spendings.

A more feasible explanation is the fact that the campaign for the local elections is in reality a combination of about 750 different municipal campaigns, accompanied by one national overall effort to mobilize the voters. The campaign for the Second Chamber, on the other hand is one unified campaign, that is increasingly centralized and hence financially more efficient. Of course, the sub-national party organizations support the national campaign, but only as pawns in an electoral game of chess. In their 'own' elections the local and regional party leaders are the campaign managers; at any rate, that is what they want to be. In practice, however, it is national politics that dominates more and more non-national elections. Thus, the conduct of 750 different campaigns does not seem very efficient. Why spend all that money when it can be done less expensively the way the national election is organized?²⁴ Local politicians, of course, will never reason like this. They will continue to resist the intrusion of national politics in local affairs, although the chances to check this imperialism seem to be minimal. The portrait of prime-minister Lubbers on the CDA posters for the municipal elections in 1986 very well illustrates this.

All in all, the financial scope of Dutch election campaigns tends to be modest. The small size of the country does not induce high transportation costs. And because campaigns concentrate on the parties and their leaders, campaign spendings are much lower than in countries with candidate oriented campaigns.²⁵

Apart from this, it remains to be seen whether Dutch election campaigns will continue to be rather cheap with the growing diversification of the electronic mass media, especially television. As a residue of the old 'pillarized' system, the main parties still have relatively easy access to congenial broadcasting associations. But the arrival of other (commercial) stations may erode the mobilizing ability of these associations. The influence of television may still be very important, the impact of a particular channel diminishes. Dutch parties do not (yet?) buy time on the commercial channels. If they would start doing that, party finance might alter completely.

d. *Indirect state subventions* – Political parties as such do not (yet) receive regular state subventions, although free broadcasting time on radio and television could be considered as a special form of public subsidy. Only affiliated foundations of parties that are represented in the Second Chamber

are entitled to claim goal-oriented subsidies for their educational and scientific work and for the youth organizations. This kind of state subvention was introduced in the 1970's. Electoral campaigns are not refunded by the state.

Shortly, a new law will deal with the subsidies to the scientific and educational foundations. On the condition that these foundations can provide for the same amount of money from other resources as they claim from the state, they are entitled to receive money up to a maximum related to the number of seats occupied by the party in the Second Chamber. Nowadays, a considerable part of the 'own' resources of a foundation is in fact donated by the party.²⁶ The maximum amount of state subsidy for the combination of scientific and educational work varied in 1986 from about Dfl. 125,000 for parties that occupy only one seat in the Second Chamber to about Dfl. 700,000 for the CDA and the PvdA.²⁷

5. Towards direct public financing of political parties?

Until today, the reluctance to grant public money directly to parties has been an important feature of the Dutch system of party finance. But this might change. And as in the 1960's, it is the shrinking number of members that will probably induce a major change.

All parties, except the small orthodox ones, have suffered a considerable loss of members in the 1980's. Whereas in the 1960's the process of 'de-pillarization' accounted for the declining number of party members especially within the denominational pillars, the present exodus is almost 'nationwide'. It must be attributed, however, to the same phenomenon that was also at the heart of the 'de-pillarization', but that nowadays – after the years of politization and augmented interest in politics during the 1970's – seems to hit all parties, except the beforementioned conservative orthodox Calvinist parties: 'individualization'. At the level of party membership there are no signs of 'realignment' as was the case in the 1960's and 1970's (the VVD and some new left wing parties counterbalanced to some extent the loss of other parties), there is only 'dealignment'. Apparently, to date, people rather adhere to organizations, that either defend their proper interests in a direct manner (trade unions, consumers organizations, automobile associations, etc.) or advocate certain issues without being identified with a specific ideology (Amnesty International or environmental organizations, for instance), than that they join a political party. Only a small and rapidly declining percentage of the electorate is a member of a party: 15% in 1946, 8% in 1967 and 4% in 1986. Political parties

do not need a massive number of adherents anymore in order to reach the voters. Television and opinion polls are more efficient in this respect. But they need members so as to be able to present candidates for political functions. And especially in the Netherlands parties need members who are furnishing financial means, since they depend to about 80% on the membership dues (see above).

But what if members are running away or die without being replaced by a younger generation? Dutch parties do not possess profitable enterprises of their own. Receiving money from business circles, although fully legal, is 'not done' in the Netherlands. And as long as this taboo exists, there is only one institution that can come to the rescue: the state. This is what happened at the end of the 1960's, when the goal-oriented subsidies for affiliated foundations were proposed, and very probably it will take place again now.

A first sign of a changing climate was the proposal by the (christian democratic) Minister of Culture in the beginning of 1989 to pay the party periodicals money from the Fund for the Press.²⁸ This proposal was not warmly welcomed and will almost certainly fail.

Another, more important idea was put forward by the chairman of the CDA. In March 1989, in an interview in the periodical of his party he stated:

'We are the only country in Western Europe, where parties depend completely on contributions by members. In itself, this is a good thing. In other West-European countries political parties are financed by the state and/or by trade and industry... In my conviction we act somewhat too contortedly in this respect. I plea for more openness in this discussion in order to realize the societal function of political parties'²⁹

And in a speech at the Party Council of the CDA in July 1989 he said:

'Political parties constitute an important element of democracy. They are channels through which the formation of the political will takes place. They are devices to enlarge political consciousness and participation. They counter-balance the big official advisory boards, which give their advices in an apolitical way. The apparatus of the political parties in the Netherlands is in a distressing state compared with the countries around us. I hope that we will finally have the courage during the new governmental period to analyse how the financing of political parties can be organized in a structural manner. Let us not deal too sparingly with respect to our democracy...'³⁰

These quotations are not only important because they indicate the direction the discussion on party finance is taking, but also because they illustrate the existing difficulty in the Netherlands to accept direct state sub-

vention of political parties. The CDA is trying to lift the taboo on this subject. Its new partner in the governmental coalition, the PvdA, and perhaps also its former partner, the VVD, are probably willing to agree with the proposal, if certain conditions are met. A real discussion still has to take place, however. Such a discussion is necessary, because of the important constitutional consequences enhanced by the introduction of direct subsidies to parties. Political parties will have to be recognized by law in one way or another. And their role within the system of parliamentary democracy will have to be reconsidered.

Without enough financial means it will be hard for parties to get their message to the voters. Until now they are pretty well capable of convincing the voters to go to the ballot-box: the voting turnout at the national elections is about 80-85%. But some parties will stress the need for enough money to keep their apparatus organizationally and intellectually at an adequate level in order to prevent a decline of political participation by the citizens, to promote a high intellectual level of the public debate and to be able to cope somewhat better with the headstart of the government that can rely on a well informed bureaucracy. The existing indirect subsidies to scientific and educational party foundations are not sufficient in this view.

Money coming from business circles still is taboo and there are good arguments to keep it this way. A flow of money from enterprises to parties undermines the democratic principle of 'equality of opportunities', since some parties are evidently more popular among employers than other parties. The introduction of direct subsidy to parties, however, is more acceptable for two reasons. First, it will end the present hypocrisy of granting public money to party affiliated foundations while pretending that it is used for special purposes only. In practise, no tight watersheds exist between parties and these institutions. Second, direct subsidy will help all parties to function properly, and not just one (ideological) category as would very probably be the case with entrepreneurial funds.³¹

But in the debate about the allocation of public funds to parties one should at least deal with the following questions:

- a. what exactly is the (formal) position of political parties in a parliamentary democracy?
- b. how to prevent a petrification of the party system, which may result from granting money to the established parties?
- c. how to exclude too much state interference in intra party matters, when parties depend to a large extent on state subvention?
- d. how does direct subsidy relate to goal-oriented subvention, to free time on TV and radio, to tax deduction, to money from the Eu-

ropean Parliament and to the possibility of big donations from entrepreneurial circles?

- e. how to avert an explosion of public spending to parties in the future, i.e. how to define 'adequate financial means' for political parties?

There are no easy answers to these questions. There is no system of public funding, that is not arbitrary to some extent in defining the standards according to which state money is given to the parties. But a debate about the basic questions should take place.³² In it the following suggestions may be taken into consideration (following the same order):

- a. the important role parties play in the formation of the political will may be recognized by law provided that the freedom of party formation is guaranteed³³;

- b. the amount of subsidy has to depend on the number of seats a party occupies in the Second Chamber. Since the electoral threshold is very low in the Netherlands, because of the extremely proportional electoral system, this criterion is very well to combine with the principle of 'equality of opportunities', mentioned above. One should also consider to link the amount of money coming from the state to the ability of parties to raise some funds by themselves among their members, in order to avoid a further alienation of the citizens from the parties:

- c. regarding state interference, parties could be compared with public broadcasting corporations as they exist in neighbouring countries: financed by, but politically independent from the government. It is, however, difficult to realize a complete independence from the state, when public subsidy is accepted. The present system of goal-oriented subsidies for research institutes, for example, guarantees the existence of the latter within the general framework of the party organization. If the parties are directly subsidized by means of a lump-sum from the state, and are free to spend this money according to their own ideas, this might endanger the proper functioning of the research institutes, because parties will probably use this money to finance an election campaign rather than to support the institutes, especially when the latter produce ideas that are not always compatible with perceived short-term interests of the party. But the basic question is: should the state serve as a warrant for a certain organizational structure of parties? How far can the state go without endangering the internal sovereignty of political parties?

The answer to these questions depends on how the formal role of parties within a parliamentary democracy is defined (see also a). If parties are

considered to play an important role in the formation of the political will, and if one accepts – as I do myself – that this formation of the political will is not only served by mobilizing voters to go to the ballot-box, but also by a high level of the public debate, then a case can be made for earmarked public subsidies for research institutes, next to general subventions to political parties. But this also implies the formal acceptance of some state influence on intra-party organization. There is no logic in advocating full internal sovereignty of the parties, while accepting goal-oriented subsidies to these parties at the same time. It goes without saying that this kind of state influence must remain as modest as possible, but it is not necessarily incompatible with the general principle of the freedom of party formation.

d. one should at least try to formulate and use one and the same criterion for all elements: 'Equality of opportunities', for instance. To date, different regulations are based on different criteria, if at all (all political parties receive the same amount of free time on TV, whereas state subvention to affiliated foundations depends on the number of seats in the Second Chamber, to give an example).

3. a. formally prescribed maximum or 'ceiling' will help, but is not enough; experiences in other countries (Germany, Spain) learn that if parties are in need of more money they tend to vote for a rise of the maximum. Therefore a certain link with the income from membership dues, and not only with the number of voters or seats, is suggested (see also b).

A general necessity will be the transparency of the income and expenditures of political parties and their affiliated foundations. It seems appropriate that parties publish their (official) audits, as most of them already do. A profound debate about these matters should take place in the near future, before Dutch party finance is possibly altered completely, when parties feel the need to turn to commercial mass media in order to reach the voters.

6. Dutch party finance in comparative perspective: some observations

Cross-national comparisons concerning party finance are very difficult to realize, because most data are hardly comparable, if available at all. It is true what Max Weber stated already at the beginning of this century: 'Die

Parteienfinanzen sind ... aus begrifflichen Gründen das wenigst durchsichtige Kapitel der Parteigeschichte und doch eines ihrer wichtigsten'.³⁴ In the last decade, however, more information has become available, partly due to the fact that in countries where public subsidy has been introduced, formal stipulations require periodic reporting on party finance. This information commonly has a country-specific character, but it may lay the foundation for genuine comparative research in the future.³⁵

What then can be said about the Dutch situation? In this paper the 'modesty' of Dutch party finance has been referred to at various occasions. But how 'modest' exactly is it? Is the apparatus of the Dutch parties indeed 'distressing' when compared to the neighbouring countries, as the chairman of the CDA stated? And how do other countries deal with public funding of parties?

Without detailed comparative research we can only give some general impressions. The American situation is often perceived in the Netherlands as an extremely expensive way of organizing democracy. This picture needs to be modified. According to Philip Stern the average costs of a successful campaign to obtain a seat in the House of Representatives were about \$ 85,000 in 1986.³⁶ An estimation of the average costs of a seat in the Dutch Second Chamber in 1981 suggests that Dutch elections are three times as cheap as American ones: about Dfl. 56,000 per seat. Moreover, American elections tend to become rapidly more expensive, whereas this is not (yet?) the case in the Netherlands, as we have seen.

But American parties are electoral parties; they lack important permanent organizations comparable to those of many political parties on the European continent. These inter-election organizations should be included in an effort to assess the 'costs of democracy' in various countries. A comparison over a complete election cycle of all the expenditures made by parties would allow a more accurate approach. While the available data are not fit for exact calculation, a rough comparison of the Dutch situation with the activities of parties and candidates in the United States, Canada and West Germany may give an indication.³⁷ This comparison shows that the estimated expenditures at the national level of the Dutch party system are somewhat higher (!) – in relative terms – than the US 'costs of democracy'.³⁸ But compared with Germany, which has very important inter-election party organizations and also holds different elections scattered over time, Dutch party finance is indeed very modest. A comparison, based on other data, with the other neighbour of the Netherlands, Belgium, also indicates a low level of Dutch party finance, because Belgian parties spent about seven times as much during the election in 1981 as their Dutch counterparts.³⁹

These data are just indications. The information about public funding in other countries is somewhat more accurate. To date, at least twenty-one countries have forms of public funding.⁴⁰ Among these countries, West Germany stands out as one of the countries where state financing of political parties has reached very high levels. Since 1959 political parties in West Germany receive public money for their political education activities. In 1967 the Party Law (*Parteiengesetz*) concerning political parties was adopted, by which the constitutional demand of transparency of party income finally was implemented. The failure of the Weimar Republic and the ensuing Nazi period, during which the national-socialists were financed by a part of the heavy industry, had led to the inclusion of article 21 into the Basic Law. This article demands that political parties 'müssen über die Herkunft ihrer Mittel öffentlich Rechenschaft geben'. A year before the adaptation of the Party Law the Constitutional Court (*Bundesverfassungsgericht*) had made clear that flat grants on a permanent basis to political parties were considered unconstitutional, but its verdict also allowed for 'reimbursement' of the costs of elections expenses (*Wahlkampfkosten-erstattung*). The Party Law of 1967 formalized this kind of subsidy, as well as it accepted moderate tax benefits for donations to political parties and annual allowances to political foundations for political activities. In 1979 also a 'reimbursement' for the direct European elections was introduced. Thus, nowadays German parties receive money from the federal government for the European and the national (*Bundestag*) elections, for their parliamentary parties and for their foundations. The latter also receive enormous amounts of public money for activities in developing countries. Even if we exclude this kind of money, we can observe an extreme increase of public funding: in 1968 German parties received altogether over DM 47 million, in 1978 DM 122,3 million and in 1988 DM 309,1 million.⁴¹ The federal party headquarters depend for about 55% of their annual budget on public money (the Green party even for about 80%).⁴² Officially, the German *Staatsquote* (the share of direct state funds in the total income of parties) mainly consists of 'reimbursement' of campaign costs; even the newest version of the Party Law (1988), which is rather advantageous to the two major parties, uses this misleading term, since it is perfectly clear that it is the parties in general that are abundantly financed by the state.

The German practise comes close to a simple 'Dipping into the Treasury', as the specialist in German party finance Nassmacher states. German parties have become addicted to public funding, but they are their own doctors. Consequently, the prescription of the dope-fiend will always read: more public money!⁴³

The German case is an extreme example of how difficult it is to control

public funding, once it has been introduced. The situation in other countries affirms this experience. Spain, Portugal and Italy have to be mentioned in this respect.⁴⁴ In all these countries democracy had to be build up after a period of dictatorship, which may explain to some extent the high degree of state financing, because one wanted to avoid dependence on obscure private sources. But also Sweden and Austria show the importance of state funding of parties. Between 1966 and 1980 the share of public subsidies in the total income of the Swedish national party organizations has varied from 50% to 85%. Moreover, in Sweden public funding by regional and local authorities of corresponding party strata, is very important: in 1978, about two-third of the local party branches relied for more than 90% of its income on subsidies from the municipalities.⁴⁵ Apparently, the high level of state funding in Sweden has had no negative effect on the number of party members, as often is argued by opponents of public funding.

In Austria, where a Party Law was introduced in 1975, general public subvention to parties also increased enormously: from 60,8 million Schilling in 1978 to 122,9 million Schilling in 1986. This amount does not include goal-oriented subsidies for the party press (125,7 million Schilling in 1986), for publicity (6,2 million) and for political education (55,5 million). Thus, in 1986, the total of public subsidy to political parties on the federal level was about 310 million Schilling (about Dfl. 50 million).⁴⁶

For the Netherlands, which may introduce direct state subsidies to parties in the near future, the information about experiences in other countries is instructive, albeit not simply applicable to its own party system. The basic paradox of party funding, however, is clear: financial help to political parties is meant to avoid corruption and to strengthen the democratic functioning of parties in a society, but might eventually lead to a situation in which they lose a good deal of their function as a linkage between the citizens and the state, because of a lessening financial dependence on their members.

7. Conclusion: the importance of the 'parliamentary party complex'

Until today, political parties in the Netherlands have to operate without direct public subsidy. Therefore, the permanent organizations of the Dutch political parties operate on a relatively modest scale. The finances of the party headquarters have hardly expanded the last decade. Hence, the degree of bureaucratization is low and the campaign spendings are li-

mitted. The loss of members during the last five years even forces the parties to cut expenditures for salaries or campaigns. Some parties do have more capital to overcome financially 'lean years' than others, but even the reserve of the richest party, the PvdA, is less than the expenditures of the headquarters in one year.

How then do parties cope with the financial constraints that arise from the need to mobilize the voters and to formulate answers to the complicated questions in a welfare state under pressure? One answer is that they do so with increasing difficulty. Another is that the state has come to the rescue of the parties by giving subventions to affiliated foundations that fulfil tasks that hitherto had been regarded as normal party activities. But in the early 1980s these subventions went down with about 27%, after which they stabilized.

The shifting balance between the parliamentary and the extraparliamentary party might also be part of the explanation of the continuing power of party politics. Membership of the Second Chamber has developed into a full-time job. And, as indicated in section 3, the individual and personal assistance of the parliamentary party have increased considerably, at least according to Dutch standards. Hence, a growing 'class' of political professionals (representative and non-representative) has come into existence alongside the extra-parliamentary party organization: the 'parliamentary party complex'. So, the parliamentary party of the PvdA employs somewhat more personnel (89 persons in 1986) than the party headquarters and affiliated organizations together (about 87). For the less bureaucratized party organizations of CDA and VVD the preponderance in staff of the parliamentary party is far more obvious. Of course, these people are hired to support the parliamentary party, but their activities within the party organization (campaigning, informing party branches, and being a member of a party board at a sub-national level, for instance), cannot be ignored, although they are hard to assess. They are well informed and politically trained, but as staff of the parliamentary party they fall outside the 'jurisdiction' of the party organization, and hence outside party control.

The growing importance of the 'parliamentary party complex' makes it easier for parties to survive when their membership figures are under strain. It induces, however, an increasing interweavement of the parliamentary party and the extra parliamentary party organization, and, hence, a growing 'parliamentarization' of the party culture, notwithstanding all efforts in the 1960s and the 1970s to strengthen the extra-parliamentary activities of parties. In the end, this might lead to a growing isolation of parties within society when recruitment reservoirs shrink into a pool, not

much larger than the pond surrounding the Parliamentary Buildings in The Hague.⁴⁷

In a sense, one can observe an indirect, but growing financial dependence of political parties on the state. Direct public funding will only foster this process and therefore needs a critical examination of its desirability and its forms.

To date, however, the income of parties from membership dues still is the dominant feature of party finance. 'Parties pay for themselves', albeit somewhat less than before. In this respect, it can be said that political parties in the Netherlands are still going Dutch.

Notes

1. This article is a revised version of a paper presented at the panel on Political Finance at the XIVth IPSA World Congress, Washington DC 1988. Most data deal with the situation in 1987, unless otherwise mentioned. I am indebted to J.Th.J. van den Berg for his valuable critique on an earlier draft of this article.

2. Expression used by Khayyam Zev Paltiel, 'Campaign Finance: Contrasting Practices and Reforms', in: *Democracy at the Polls: A Comparative Study of Competitive National Elections*, edited by David Butler, Howard R. Penniman and Austin Ranney, p. 138-172. Also: Götrik Wewer, 'Structure and Function of Political Funding by Party-owned Enterprises', *Forschungsberichte und Diskussionsbeiträge aus dem Institut für Politische Wissenschaft der Universität Hamburg*, nr. 56, 1988.

3. The social-democratic Friedrich Ebert Stiftung, for instance, employed 675 people in 1985; 208 of them worked outside the central office in annexes in Germany, 105 were stationed abroad and 362 worked in the Central Office in Bonn. Friedrich Ebert Stiftung, *Jahresbericht 1985*, p. 9. It must be underlined, however, that German party foundations also play an important role as channels through which important amounts of money flow towards developing countries.

4. For instance no medical check-up is needed before entering the job; there is no holiday allowance; in case of illness the payment is not halted; raises are impossible; etcetera. For more details, see: D.J. Elzinga, *De financiële positie van de leden der Staten-Generaal*, Groningen 1985.

5. See: J.Th.J. van den Berg, *De toegang tot het Binnenhof: de maatschappelijke herkomst van de Tweede Kamerleden tussen 1848 en 1970*, Weesp 1983.

6. This increase is even more considerable if compared to the situation in the Federal Republic of Germany, where the federal government paid DM 35 million to the parliamentary parties in 1977 and DM 62,7 million in 1987; in 1988 this amount was DM 74 million. See: Karl-Heinz Nassmacher, 'Parteienfinanzierung als verfassungspolitisches Problem', in: *Aus Politik und Zeitgeschichte*, beilage zur Wochenzeitung *Das Parlament*, 10 maart 1989, B 11/89, p. 27-38.

7. Source: D.J. Elzinga and C. Wisse, *De parlementaire fracties*, Groningen 1988, p. 195-218.

8. Cf. M. van Schendelen, *Over de kwaliteit van de Tweede Kamer*, Alphen aan den Rijn 1984; D.J. Elzinga, 'Nederlandse parlementariërs en hun kwaliteiten: over de selectiviteit van de diagnoses en de remedies': in Ruud Koole (ed.), *Binnenhof Binnenste Buiten: slagen en falen van de Nederlandse parlementaire democratie*, Weesp 1986, p. 79-85.

9. For data, see: G. Visscher, 'De Staten-Generaal', in: H. Daalder and C.J.M. Schuyt (ed.), *Compendium voor politiek en samenleving in Nederland*, Alphen aan den Rijn 1986.

10. See also: Ruud Koole, 'The "modesty" of Dutch party finance', in: Herbert E. Alexander (ed.), *Comparative Political Finance in the 1980s*, Cambridge University Press, Cambridge 1989, p. 200-219.

11. See: Ruud Koole, Paul Lucardie and Gerrit Voerman, *40 Jaar Vrij en Verenigd: Geschiedenis van de VVD-partijorganisatie 1948-1988*, Houten 1988.

12. R.A. Koole, 'Politieke partijen: de leden en het geld' in: *Jaarboek 1981 Documentatiecentrum Nederlandse Politieke Partijen*, Rijksuniversiteit Groningen, Groningen 1982, p. 1-95, esp. table 5.

13. Ruud Koole, 'The "modesty" of Dutch party finance', *op cit.*, table 2.

14. The campaigns for the direct elections for the European Parliament are financed to a great extent by funds stemming from the European Parliament to be used by the parties to inform the public about these elections (for example, in 1984 the VVD received Dfl. 891,000 and spent Dfl. 916,000; the PvdA got Dfl. 1,435,685 and spent Dfl. 1,865,035). In 1989 this kind of 'state-subvention', which is rather alien to the present Dutch system of party finance, probably also helped to pay for the costs of the national elections, since the already boring campaign for the European elections in June became almost invisible when the Dutch cabinet fell one month before the European elections and, consequently, national elections were announced for September 1989.

15. In 1983 the Hoge Raad (Supreme Court) concluded that this kind of obligations by the party still are to be considered as gifts, which makes them tax deductible as such. Cf. Elzinga (1985), p. 213-224.

16. Two laws deal with this matter. The *Wet op de Inkomstenbelasting* states in art. 47, 1-3, that gifts by individuals to parties, churches and other 'institutions for the general benefit' are tax-deductible as long as they exceed both Dfl. 120 and 1% of the gross annual income of a citizen, up to a maximum of 10%. Article 16.1 of the *Wet op de Vennootschapsbelasting* reads that enterprises can deduct donations to the same kind of institutions as long as they exceed Dfl. 500, up to a maximum of 6% of the profit made in the year in question.

17. Aggregate data concerning the lower strata of parties are not available. In 1989, some discussion arose about an impending gift of about Dfl. 75,000 by a regional organization of farmers to the regional section of the CDA in the southern province of North-Brabant. The impression is that this kind of big donations remain rather rare. Donations 'in kind', such as the free use of meeting-rooms in a local pub or church, free printing services, etc. are probably more common.

18. In this way the difficulty to attract money for its scientific foundation was explained within the VVD. DNPP, Collectie VVD.

19. See also table 1. The average membership fee of the three parties in 1980, 1984 and 1987 was as follows (in Dutch guilders):

	1980	1984	1987
CDA	38	50	47
PvdA	80	86	85
VVD	52	50	58

20. Also the impact of a relatively generous collective labour agreement and the costs induced by the implementation of a working-week of 35 hours might have played a role.

21. The staff of 54 persons consisted of 33 women (24 part-time and 9 full-time) and 21 men (5 part-time and 16 full-time). Source: *Organisatorisch & financieel verslag 1986-1987 PvdA*, p. 15.

22. In 1982 the state of the party chests, which were almost empty because of the national elections in the previous year and the local and provincial elections in the spring of 1982, prohibited the parties to engage in full-scale campaigns. At the 1989 national elections this problem was less apparent, although the summer holidays induced a rather short campaign.

23. Provisional data concerning the 1989 elections are in accordance with the overall image of modest election campaigns.

24. The absence of local television in most of the municipalities, however, will always render local elections comparatively more expensive, since it is the relatively easy access to the electronic mass media that explains to a large extent the low costs of Dutch national elections.

25. Apart from the heads of the lists, other candidates only play a minor role in campaigns. Over 90% of the votes are cast on the head of the lists. Nevertheless, most parties obtain more than one seat (sometimes up to about 50 seats). Hence, many seats in Parliament are occupied by representatives who are totally unknown to the public at large, which may also cast some doubts about the democratic stature of this procedure.

26. The scientific institute of the VVD, the Teldersstichting, probably depends to a considerable extent on donations coming from business circles. No accurate recent data are available, but in 1980 Dfl. 229,198 was given by approximately more than hundred companies. By then the VVD did not yet support its scientific institute. This institute was, and still is, very small. The total expenditures in 1980 were Dfl. 592,528, of which Dfl. 284,033 was covered by state-subvention. The scientific institutes of all parties also receive directly various small donations by partymembers or other 'sympathizers'; sometimes these donations constitute more than a third of the institute's income from non-governmental sources.

27. For more details see: *Compendium voor Politiek en Samenleving in Nederland*, (Alphen aan den Rijn, loose-leaf, 1986), Chapter A1100, p. 107-126. Also: Ruud A. Koole, *Codification of Dutch political parties*, paper presented at the IPSA Round

Table on Political Finance and Political Corruption, Rockefeller Foundation, Belgio, Italië, mei 1987.

28. See also: E. A. J. Groen, 'Financiële steunverlening aan partijperiodieken ongewenst', in: *Namens*, Jrg. 4 (1989), afl. 6, p. 26-31.

29. *CDActueel*, 4 maart 1989, p. 23 (translation by the author).

30. Speech partijvoorzitter Van Velzen partijraad 15 juli 1989 in 't Spant te Bussum, p. 3 (translation by the author).

31. It can be argued, however, that the works councils within the enterprises would have a countervailing impact. On the other hand it is also possible that the introduction of works councils on a large scale during the 1970s was one of the reasons for employers to stop giving money to political parties of their own choice, as some had done in the era of 'pillarization'.

32. In this debate the experiences with public funding in countries like West Germany, Austria, Spain, Sweden, Great Britain and France should be taken into consideration, because they show that formal stipulations very often lead to unintended effects.

33. This is also proposed by D. J. Elzinga, *De politieke partij en het constitutionele recht*, Nijmegen 1982, p. 82-90.

34. M. Weber, *Wirtschaft und Gesellschaft* (Tübingen 1925), p. 169.

35. For a recent overview, see: Herbert Alexander (ed.), *Comparative political finance in the 1980s*, Cambridge 1989. In this volume the following countries are treated: Great Britain, Canada, Australia, United States, Israel, Italy, Spain, The Netherlands and Germany. Only one contribution in this volume is really comparative: Karl-Heinz Nassmacher, 'Structure and impact of public subsidies to political parties: the examples of Austria, Italy, Sweden and West Germany', p. 236-263.

36. Philip M. Stern, *The best Congress money can buy*, Pantheon Books, 1988. I rely on the data mentioned in a review article of this book in *NRC-Handelsblad*, 10 september 1988.

37. I follow the description I used in my 'The "modesty" of Dutch party finance', *op cit.*, which was partly based on my 'Partijfinanciën: lessen voor Nederland uit de recente Westduitse praktijk?', in: *Beleid en Maatschappij*, juni 1985, p. 142-149.

38. We had at our disposal all 1980-data of D'66, CDA, PvdA and used other financial reports of VVD, CPN, SGP, PSP and PPR which were not always complete. Based on these data, we estimated the total expenditures of all parties at the national level at about Dfl. 30 million. From 1977 to 1980 this would be about Dfl. 100 million (counting with the inflation rate) or DM 90,9 million. For the comparative approach, we relied on Karl-Heinz Nassmacher, 'Oeffentliche Rechenschaft und Parteifinanzierung: Erfahrungen in Deutschland, Kanada und in den Vereinigten Staaten', *Das Parlament*, B 14-15, april 1982, p. 3-18. Thus the average 'costs of democracy' during an entire election cycle (1977-'80) per person entitled to vote was: The Netherlands - DM 8,9; West Germany - DM 34,5; Canada - DM 14,0; United States DM 7,7.

The term 'costs of democracy' is borrowed from the title of the pioneering book by Alexander Heard, *The Costs of Democracy*, 1960.

39. Cf. *Verkiezingscampagnes blijven een miljoenenaangelegenheid*, Katholieke Universiteit Leuven 1981; en 'Dure kiescampagne' in: *De Morgen*, 3 oktober 1981.

40. Herbert Alexander, 'Money and politics: a conceptual framework', in: Idem (ed.), *Comparative Political Finance in the 1980s*, Cambridge 1989, p. 9-23.

41. Karl-Heinz Nassmacher, 'Parteienfinanzierung als verfassungspolitisches Problem', *op. cit.*, p. 31.

42. *Ibidem*, p. 37.

43. *Ibidem*, p. 35.

44. See the chapter about Spain by Pilar del Castillo and about Italy by Gian Franco Ciaurro in the volume edited by Alexander, *op. cit.* (1989).

45. Gullan M. Gidlund, *Partistöd*, Umeå Studies in Politics and Administration, no. 8, Lund 1983, p. 358-359. Idem, 'The Costs of party performance in Sweden', paper presented at the XIVth IPSA World Congress, Washington 1988.

46. Barbara Wicha, 'Parteienfinanzierung in Österreich', in: Anton Pelinka/Fritz Plasser (ed.), *Das Österreichische Parteiensystem*, Wenen 1988, p. 489-525, esp. p. 510.

47. See: J. Th. J. van den Berg, 'Het "prefab-kamierlid": de gewijzigde rekrutering van de Tweede Kamerleden sinds 1971-1972', in: *Tussen Nieuwspoort & Binnenhof: de jaren 60 als breuklijn in de naoorlogse ontwikkelingen in politiek en journalistiek*. Opstellen aangeboden aan prof. dr. N. Cramer, 's-Gravenhage 1989, p. 191-210.