

**Octopus Interface “Corruption and Democracy”  
Workshop on Political finances**

**POLITICAL FINANCES AND DEMOCRACY - ISSUES FOR DISCUSSION**

Political parties and electoral campaigns require financing; democracy costs money. However, unregulated political finances carry risks for democracy. They may distort democratic principles and lead to:

- Political inequality (uneven playing fields, unequal access to office, and law and decision makers)
- The distortion of elections
- Coopted politicians
- Evasion of transparency and accountability
- Criminalisation of democracy
- Corporate democracy

This is particularly true for corrupt political finances, that is, improper financial operations for political gain which may involve the violation of regulations, political contributions in exchange for favours, contracts or policy change, illegal expenditure (such as vote buying), the selling of access and appointments to offices, the abuse of state resources, extorting private sector contributions, illegal funding by international corporations and crime proceeds entering politics.

The issue of political finances is believed to be a major cause of the decreasing trust of citizens in democratic institutions and processes in general and political parties in particular.

From the late 1960s – often as a result of corruption scandals – many European countries introduced regulations on political finances. In 2003, the Council of Europe adopted “Common rules against corruption in the funding of political parties and electoral campaigns” (Recommendation Rec(2003)4), April 2003). The Group of States against Corruption (GRECO) will cover the funding of political parties during its third round of evaluations.

The basic principles of these rules and regulations are transparency (disclosure) combined with accountability (reporting), independent monitoring and enforcement.

Given that political finances continue to be prone to corruption, and that many European countries are in the process of introducing new or reforming existing regulations, the following issues are to be discussed in this workshop:

- How effective have regulations on political finances been in European countries with regard to:
  - a. Rules on the disclosure of income and expenditure
  - b. Contribution or expenditure limits
  - c. Monitoring mechanisms
  - d. Enforcement provisions
- What has been their impact on preventing corruption and increasing confidence in democracy?
- What lessons have been learnt and what good practices can be shared?
- What measures should be undertaken to further promote the implementation of national regulations and European standards on the financing of political parties and electoral campaigns?