

Giving to the Party: The Context of Contributions in European Democracies

Susan Scarrow
Department of Political Science
University of Houston
Houston, TX 77204-3411
sscarrow@uh.edu

Aldo Ponce
Department of Political Science
University of Houston
Houston, TX 77204-3411
afponce@mail.uh.edu

Abstract: This paper uses data from the European Social Survey to examine whether contemporary European parties benefit from cultural patterns of philanthropy, and whether tax laws seem to be an effective policy tool for encouraging contributions to political parties.

**Paper prepared for the Midwest Political Science Association Annual Meetings, Chicago,
Ill., April 2-5, 2009**

Giving to the Party: The Context of Contributions in European Democracies

Who gives to political parties, and why? Are there institutional, cultural, economic, or political factors which seem to stimulate party donations? Although broad-based citizen-financing is generally seen as the least problematic form of party funding, and although many countries have adopted policies that supposedly encourage such support, in fact we know very little about who contributes to political parties, or why. There have been very few cross-national studies of financial participation in politics, and even national level studies have only rarely included giving as a distinct mode of political participation. Nor do we know much about whether donations to political parties follow different patterns than donations to other types of organizations: how different are political contributions from any other type of contributions that citizens may make? This paper seeks to begin to answer such questions by examining partisan and non-partisan giving in Europe. The research, which employs both survey data and contextual information, shows the obstacles to, and the opportunities for, citizen-based party financing.

Economic participation in organizations is a form of civic engagement that can be vital to maintaining an active non-state sector. Such individual support has become increasingly important to both partisan and non-partisan civic groups in recent years. Even with rising subsidies to political parties, parties have undertaken ever more costly campaigns, and thus have looked for new sources of financial support; at the same time, many states also have been moving to reduce public funding for arts, education and culture. For all these groups, increasing their support from individuals in relatively affluent societies seems to be a promising financial strategy. But the question remains of whether organizations are more likely to succeed in this quest in some countries rather than others – and if, so, why? Are the

factors that explain these differences the result of long-term cultural predispositions, as reflected in state-type or religious backgrounds, or are they more tied to institutional structures that might be changed (to tax laws, for instance)? Finding better answers to these questions will make it easier to make appropriate policy prescriptions for party finance.

The Political Value of Citizen Donors

Democracies around the world continue to struggle to devise the best way to finance political parties. Private funds once supplied political parties with all of their (legal) revenues, but some of the major sources of private funds are not as reliable as they once were. For instance, dues from party members were once an important source of funds, particularly for parties of the left – indeed, Maurice Duverger described the invention of the mass membership party as akin to the invention of government savings bonds, with both being ways to raise large amounts through gathering small sums (Duverger 1959: 63). But since then parties’ organizational and campaign costs have far outstripped the price of party membership, and in any case, most parties in established democracies have undergone sharp decreases in relative – and usually in absolute – membership, which further reduces the sums they can generate from membership dues. The main alternative sources of private funding for political parties have come in the form of large donations from individuals, corporations and other associations (primarily trade unions). But such donations carry political risks, ones that seem to have been increasing in recent years as a result of increasingly strict disclosure requirements: such rules bring to light both legal and illegal patterns of donations, including ones that may look scandalously close to efforts to purchase political favors. Whether or not allegations of influence-buying are proven, this type of scandal can make donors as well as the general public more wary of such

donations. Indeed, in some cases they have led to new rules capping the size of political donations, and/or to outright bans on donations from certain sources, be it from corporations, trade unions or foreign donors.

Political parties frequently turn to state funding to make up for increasingly scarce private funds. Indeed, in many countries legislation imposing restrictions on certain types of donations has contained provisions for increased public funding, an explicit effort to compensate parties for foregone revenues. Yet public financing carries its own set of political risks, not least that parties which do not need to engage in fundraising will become isolated – or at least appear to be isolated -- from their political bases. This risk of alienation between parties and the public seems likely to increase in proportion to the share of their revenues which comes from the public purse.

In this context, parties would seem to have good reasons to try to boost their revenues from a third type of private fundraising, the small- and medium-donors. Cultivating a large base of small donors is a strategy that can yield political as well as financial dividends. Successful fundraising provides evidence of broad popular support for the party, and can help to keep supporters mobilized for party success. Parties may also profit from the fact that smaller donations have few strings attached; moreover, the greater the revenues from small donors, the less the potential influence of any single large donor. Such fundraising is also attractive from the perspective of democratic theory: parties which rely on citizen-donors for an important part of their revenues presumably have extra incentives to remain attentive to their supporters, and, while the very poorest citizens may not play much of a role in such fundraising efforts, in countries with a large middle class it is a fundraising strategy that is

certainly much more inclusive than relying primarily on plutocratic donations for private sources of funds.

Such reasons have prompted some reformers to urge wider adoption of policies that encourage small, individual, donations to political parties (Malbin 2002; Taylor, 2005) Some countries already have adopted such schemes, most notably, by adding provisions to tax code to encourage individual donations. These are generally, though not always, in the form of a deduction from taxable income. Such policies sometimes incorporate donations to political parties under existing rules designed to encourage donations to some or all types of non-profits; among the most common beneficiaries of these tax provisions are medical charities and educational and cultural institutions.

Countries which give favorable tax treatment to educational and charitable donations do not necessarily extend the same benefits for political parties. Although parties do operate as “not-for-profit” associations, they tend to be viewed as organizations that operate within the state sphere. Yet arguments on behalf of favorable tax treatment for parties tend to emphasize the extent to which parties are utilities which operate for the public welfare: are not freely competing political parties as beneficial to society as art museums and hospitals, and is it not in the public interest to encourage citizens to support these vital democratic institutions? The counter-argument is that favorable tax treatment provides an extra state subsidy for parties with the richest supporters, the ones who can afford to give most. For this reason, countries which give a tax deduction for partisan contributions may limit the size of the allowable deduction. (Elsewhere it may be effectively capped by limits on the size of allowable donations.)

In addition to tax reductions to encourage private donations, states may institute other policies designed to directly or indirectly stimulate giving to politics or other favored causes.

For instance, state subsidy payments can be linked to private fundraising efforts. In a slightly different vein, both Slovenia and Poland now allow taxpayers to designate a small portion of their income tax to be paid to an eligible non-profit. In Slovenia, political parties are on the list of eligible recipients. These policies encourage potential recipient organizations to mobilize citizens to provide financial support.

Do such policies actually result in increased private donations? Research on tax policies and charitable giving have generally found that giving is tax elastic, though studies both inside the United States and from other countries find different levels of effect (for an overview and meta-analysis of such studies, see Pelozo and Steel 2005). There is also some evidence that tax-related elasticity of donations varies by sector, for instance with tax considerations being more important for secular as opposed to religious giving (Clotfelter 1985). Because giving decisions seem to be influenced by the cost of giving, tax policies may have the most effect on the amounts given by higher income earners (relatively more elastic), while they may not have much impact on the overall percent of givers (relatively inelastic), not least because low income givers may not be able to – or may not bother to – take advantage of tax saving. An important impact of tax incentives may be on amounts given, not on the decision to give: in some surveys, those who self-reported a tax motivation in giving were more likely to give larger sums than others at their income level (Tiehen 2001).

So far there have been few attempts to assess the effectiveness of tax policies aimed specifically at political donations, or to consider other contextual factors that may facilitate or hamper parties' efforts to raise funds from a broad base of individual donations. One of the few U.S. studies in this area found that tax incentives in the form of credits did stimulate political donations by those who were otherwise less likely to give (Boatright and Malbin 2005). And

research on Canada found similar patterns, concluding that tax incentives in the form of credits have contributed to keeping Canadian parties' ties to civil society intact, even though some donors did not take advantage of –and thus were apparently not motivated by – tax benefits (Stanbury, 1993; Young, 1998). This paper aims to shed further light on the tax elasticity of political donations by reviewing the effects of public policies in a different setting. Because it treats the effects of policies on the decisions of giving separately from deterministic features such as individual characteristics, and cultural or institutional contexts, this study provides new information about the apparent effectiveness of tax instruments for increasing the number of people donating to political parties.

As Schofer and Fourcade-Gourinchas (2001) concluded in their cross-national study of organizational membership, if we broaden our focus to look at the social and institutional context of participation, we may need to revise our images of what determines the level of activity in voluntary associations:

People do not 'just join' voluntary associations because they are wealthy, educated, or trusting, or have particular interests or social problems to address. The act of joining, and the particular types of organizations people join, are embedded in cultural and institutional arrangements defined at the level of the national polity. (824)

Though these words were written about participation in a broad range of voluntary sector organizations, they surely apply to the study of financial participation within political parties: if we want to understand cross-national differences in parties' organizational strategies and successes, we need to understand the institutional and cultural context in which they compete for the financial backing of potential supporters.

Giving in Context – Political and Other Donations

Political parties are only one of many organizations which compete for citizens' financial support, and often for their volunteer hours as well. Most democracies have a multifaceted non-profit sector, composed of organizations ranging from religious groups to amateur sports leagues, including groups which promote political causes (e.g. Greenpeace), civic virtue (e.g. Rotary International), culture, education and social welfare (hospitals, day care, women's shelters, etc). Even in countries which provide generous state support for private associations, organizations in the non-profit sector often seek at least some financial support from individuals. In this, they are not all that different from political parties: even when they receive generous state funding, many parties still treat individual donations as one leg of their overall funding strategy.

Because of these parallels, it may be useful to view giving to political parties within this wider context of "charitable" giving. Most fundamentally, we want to know whether acts of political giving are related to other types of donating. At the individual level, are citizens who give to other non-profits more likely to give to political parties as well? And at the national level, do levels of donations to political parties rise along with levels of donations to other non-profit organizations? Put differently, to what extent is partisan giving part of a wider pattern of generosity, shaped by culture and/or institutions that promote (or de-emphasize) all types of individual giving, and to what extent is it motivated by different factors? Viewing financial participation in this wider context may help to illuminate attitudes towards, and limitations on, the potential role of citizen donors in political party finance.

National Level Patterns: Partisan and Other Secular Civic Donations

What is the aggregate relation between donations to political parties and to other types of organizations: are some countries “nations of givers”, whatever the cause, whereas others show low levels of donations across the non-profit spectrum? We have only limited cross-national information to answer this question. However, one recent study of the non-profit sector around the world provides some clues about this relationship. This 36- country study examines the support and financing of various non-profit sectors within each country; political parties are included as part of the “political advocacy sector” (Salamon et al 2004). For each sector the study estimates the share of income provided by various sources, including “private philanthropy”. Though these figures do not tell us the amounts given, or the number of donors, they do at least give an idea of the relative importance of private as opposed to public financing, or in other words, the extent to which organizations depend on fundraising. There are wide national and sectoral variations in the importance of such contributions, as is evident from Figures 1 & 2. Though there is clearly some relation, the correlation between the private revenue share of cultural and political advocacy organizations is only .39 in the whole sample. In the European subset, however, the correlation is a much higher .68, as is clearly evident in Figure 2. Thus, there is some reason to believe that individual giving behavior in these two sectors might show some similarities, at least in European democracies.

[Figures 1 and 2 about here]

Cross-national surveys also provide a window on national differences in patterns of giving. Unfortunately, there are only a few cross-national surveys that have included financial

support in their lists of participatory activities, and those that do seldom differentiate between donations to political parties and donations to other types of organizations. One of the rare surveys with both elements is the European Social Survey from 2002, which asked respondents about their recent donations to 12 different types of organizations, ranging from religious groups to business and consumer groups. The list includes political parties as a separate category. This survey will form the basis of the individual-level analysis presented below¹. But we can also look at the aggregate picture that it presents.

We start by examining the relationship between giving to political parties and giving to educational and cultural organizations. Again, we focus on the latter because these are secular civic organizations which generally provide a high ratio of collective to selective benefits. As Figure 3 shows, all the countries in the set have far more donors to culture and education than to politics, though nowhere do the former exceed 10% of the population. In Italy and Austria, the countries with the largest percentage of political donors, the number still does not exceed 4% of the population. Both categories of donations show wide cross-national variations in the extent of financial participation. Do some countries seem to have cultures of donation from which political parties also benefit? In fact, there is quite a strong relation (correlation = .67), again suggesting that we may find links at the individual level as well. Thus, we turn next to our individual data, examining the extent to which political giving reflects similar circumstances as other types of secular giving, and the extent to which it can be explained by more purely political factors.

[Figure 3 about here]

¹ The Norwegian Social Science Data Services (NSD) is the data archive and distributor of the ESS data.

Explaining Financial Participation in Politics:

Individual Circumstances and National Influences

In order to assess cultural and institutional influences on partisan donations we construct our model of financial participation using variables that have proven to be important in cross-national studies of other types of civic participation, including organizational membership and volunteering. The remainder of this paper will compare multi-level models of partisan and other types of giving using data primarily from the European Social Survey from 2002/2003. The 19 countries included in this study include 16 Western European democracies as well as 3 of the newer democracies of central Europe: Hungary, Poland, and Slovenia. (For a full list of countries, see Appendix 1).

Our study builds on previous research on political participation to build a multi-level model to explain individual and cross-national variations in donations to political parties. Our model incorporates both individual and national level variables to account for institutional, economic, and cultural contexts as well as individual resources and motivations. We then consider whether our model is equally useful for explaining donations to educational and cultural non-profit organizations: should we view donations to parties and to other civic organizations as similar activities, triggered by similar motives and perhaps with some substitutability? Or are there important differences between these models? We focus here on educational and cultural non-profits and exclude donations to religious groups, and to professional and consumer groups, on grounds that donations to other types of groups may respond to different sets of pressures (career considerations, specific hobbies, particular tastes,

certain sports activities, etc.). Our aim in focusing on educational and cultural groups is to choose sectors that, like political parties, generally are likely to offer medium- and small-donors a relatively high ratio of collective to selective incentives (in contrast, for instance, to professional organizations or consumer groups), and where the reasons to give are primarily secular. It is in this sector, if anywhere, that we would expect the greatest convergence of motives for partisan and non-partisan financial participation.

Individual Resources

In constructing our model of financial participation, we start by assuming that contributing to a political party is motivated by the same factors that lead people to sign a petition or attend a campaign rally. While there are various perspectives for explaining individual political participation, there is a great deal of basic overlap in the individual-level factors included in such models. The civic voluntarism model stresses the importance of resources which make it easier for individuals to pay the costs of participation. For instance, those at higher income levels are better able to afford the costs of investing time with an organization or cause, while higher education levels and greater political information make it easier for individuals to navigate organizational systems. In this view, voluntary organization membership is a resource which facilitates other types of civic involvement, and political interest increases the likelihood of political engagement (Verba, Schlozmann, Brady 1995; Parry, Moyser, Day 1992). The cognitive engagement model focuses on a different set of individual resources, those that prompt people to participate in politics as a response to perceived problems: people who have greater education, greater knowledge of politics, greater exposure to the media, and greater interest in politics are more likely to feel motivated to participate (Dalton 2006).

Finally, social capital models see social trust as a key determinant of civic participation. In this view, organizational membership helps to foster the trust that leads to further involvement (Putnam 1993, 1995a, 1995b; van Deth 1999).

In our model of financial participation we control for many of the influences commonly included in various models of other types of participation. We control for the personal characteristics most often found to be associated with individual participation patterns: education, age, marital status, gender, and religiosity. We especially expect to find an effect of the latter in regards to financial participation, because personal religiosity has been identified as a factor that plays a role in decisions about giving in the secular as well as the religious realm, with those who are more religious being more inclined to all types of charitable giving (Brooks 2003). (For coding details and descriptive statistics of these and other variables, see Appendix 2.) However, we note from the outset that previous research in this area has provided at least some grounds for skepticism that financial participation does follow the same patterns as other types of participation. Most notably, Verba, Schlozman and Brady found that in the United States financial participation did not follow the same pattern as other types of organizational participation: in this study resources such as education and political interest were important predictors of membership and of volunteering, but did not help to explain contributing to either partisan or non-partisan groups: personal income was the only individual resource that mattered for financial participation (1995: 98). And in their study of political participation in the United Kingdom, Pattie, Seyd and Whiteley also found that different models were needed to explain different modes of participation (2004). Thus, while our model includes the individual resources that have generally been found to predict other types of

political participation, we are unsure of the extent to which non-financial resources actually do play a role in financial participation.

We also include a variable for membership in an organization in the same field as the donation, to test the assumption that members of an organization are more likely to donate to it. Our dependent variable asks about donations, so this is theoretically distinct from membership dues, but we cannot rule out the possibility that some organizations may count all donors as members, or that respondents would view organizational dues as donations. Thus, while we expect to find a relationship between membership and giving, we also expect some measurement error in regard to this relationship.

Finally, we include two measures of political interest to test the impact of individual political orientation on this type of participation. First, we include closeness to a party as a measure of interest in partisan politics. Studies of political giving in the United States have found differences between the giving patterns of moderate and intense partisans, regardless of political orientation (Fowler and Kam 2007). Does that pattern hold here? Second, we include left-right self-placement to see whether there is a partisan bias in tendencies to donate.

Whatever the individual-level factors associated with individual giving, for financial participation, as for other types of civic participation, disparities in individual resources may not entirely account for cross-national variations in participation patterns. Countries with similar economic and educational levels exhibit very different patterns of civic participation, be this in voter turnout, in volunteering, or in giving. Explanations for such cross-national differences commonly focus on cultural differences, institutional differences, and on the economic and political context. All three types of factors may also explain differences in national patterns of political generosity.

National Contexts

Previous studies of cross-national variations in participation in non-profit institutions have identified cultural, institutional, and political-economic factors as important causes of differences. As with individual-level explanations, our model builds on these previous studies of volunteering and membership in the non-profit sector, even though previous studies have found some differences in the motives for various types of organizational involvement (Curtis et al 2001:796; Schofer and Fourcade-Gourinchas 2001: 822). Our model tests whether financial participation is explained by the same resource and contextual factors which have been used to explain other types of participation. We also look at several additional institutional and policy features that may affect financial participation in general, and political donations in particular.

Cultural Factors

Cultural explanations have featured prominently in recent studies examining participation in non-profit institutions. In these studies “culture” is generally defined to include the dominant religion, the degree of religious diversity within the country, and sometimes also includes trust in government or attitudes towards the state (Curtis et al 2001; Jankowski 1998; Haddad 2006). In our model we include religious diversity, which has been posited to be important in stimulating civic participation because separate faiths may create their own sets of social organizations (from Scout troops to hospitals), thus increasing the opportunities – and the demand – for citizen support.

Political culture and historical experience may also affect the demand for individual support for voluntary organizations. In some countries, social service provision is viewed primarily as a state responsibility, whereas in others a range of services, from fire fighting to medical services, have been left to the non-profit sector. Such different views of the proper role of the state also imply different views of the importance of non-tax funding of social services (Jankowski 1998, Haddad 2006). To partially capture what may be the most important difference in political culture and experience with state service provision, we distinguish here between former East bloc and other countries.

Institutional Context

Research on voter turnout has highlighted the influence of institutional elements such as electoral systems and the incentives they create for voter mobilization (Jackman and Miller 1995; Powell 1985). Similarly, political institutions may create direct and indirect incentives which encourage individual giving.

Several institutional factors seem of greatest potential importance for explaining cross-national differences in financial participation, particularly donations to political parties. On the demand side, it has been argued that voter turnout increases under proportional representation because parties have greater incentives to mobilize supporters in PR systems (Powell 1982; Jackman 1987; Blais and Carty 1991). If so, we would expect campaign costs to rise as the electoral threshold is reduced; thus, we include a control for electoral thresholds in our model.

Likewise, we explicitly include in our model policies directly designed to boost or restrict individual giving. In this category, public subsidies for political parties seem very likely to reduce parties' demand for private funds. However, because all of the countries in our set

provide some sort of subsidies for their political parties, we have not included this as a variable in our model. But we do control for another policy that might restrict parties' demands for private funds: whether there is a ceiling on party spending during elections.

On the supply side, political finance laws and regulations may either encourage or restrict individual giving. Most importantly, tax code provisions may encourage private donations to non-profit organizations, providing incentives in the form of either rebates or write-offs. Some countries broadly extend such incentives to political parties as well as to welfare and cultural non-profits; others exclude political parties and may even limit the range of other beneficiaries. Assessing the effects of tax incentives on political giving in Europe is a key part of this research, in which we compare the effects of tax policies on donations to parties and to non-political civic organizations. In our sample, 17 of the 19 countries gave some form of tax incentive for donations to the arts or education, but only 6 gave similar incentives for donations to political parties. See Table 1, and Appendix 2 for details.

[Table 1 about here]

Economic Context

Other features of the political and economic environment may also affect giving levels, including national wealth. If, as previous studies have found, individual economic resources are associated with giving, is higher national income associated with higher levels of financial participation? Here we control for variations in national wealth in terms of GDP per capita in 2002.

Findings

We begin by looking at our model of financial participation in politics, looking at the impact of individual and national level variables in models with and without the policy variables which are most closely related to party finance. We then compare our basic model of political giving with that for giving to secular, non political, civic organizations. This comparison allows us to see the extent to which political giving follows the same patterns as other secular civic giving, and the extent to which other, specifically political, factors, are at work.

In terms of partisan donations, the basic model finds an impact of many of the individual characteristics that have been found to be important in other studies of political participation. (Exceptions include marital status and gender, neither of which have a statistically significant impact in this specification). (See Table 2)

[Table 2 about here]

Confirming our expectations and the findings of earlier studies, individual political and attitudinal factors are all important for explaining decisions to give to politics. Members of political parties are more likely to give, which is not surprising: even apart from social capital arguments about group membership encouraging further participation, party members are an obvious target group for party fundraising. Controlling for party membership, those who feel closer to a party also are more likely to give. Those on the left were more likely to give than those on the right. And finally, as previous studies have found, personal religiosity seems to have a positive impact on this kind of secular giving as well.

At the national level, religious fractionalization was associated with higher giving, as predicted. National income, and the electoral system did not have any impact. More

surprisingly, all things being equal, citizens of post-Communist countries were more likely to give to political parties.

With this one exception, our basic model of political giving thus looks much as we might have expected. Do our policy variables add anything to this picture? Model 2 shows that the answer is a partial yes. Our demand side variable, the cap on election expenditure, does indeed seem to have an impact in the expected direction. It lowers the likelihood of donating, presumably because parties have fewer incentives to engage in fundraising. However, our supply variable, tax incentives, does not behave as policy-makers might intend. At least in terms of the *number* of donors, the tax incentive for political giving does not have a statistically significant effect. These results suggest that tax policies may not be particularly effective in increasing the breadth of political giving, though the results tell us nothing about the impact of tax policies on the amounts given.

How does partisan giving compare to contributing for education or culture? Here many of the individual resource variables have a similar impact, but as we would predict, individual political characteristics are no longer important. Income is a predictor of cultural giving, as is membership in organizations in the relevant sectors, and religiosity. Married individuals are less likely to give to culture and education, something which probably reflects the life-cycle pattern of giving found in other studies. At the national level, religious fractionalization is again a predictor of giving, but there is no difference between post-Communist and other countries, nor are there differences related to national income (or the electoral system, which we include in the model for the sake of uniformity.). In addition, the expanded policy model finds no effect from tax policies per se. Again, as in the case of political giving, this finding does not prove the failure of tax incentives to increase the amount of funds collected. It only

shows its inefficacy in boosting the number of donors to education or culture. As in the case of political donations, this is evidence of a relatively inelastic relation between the number of givers and tax deductions.

Discussion

These findings suggest several conclusions about the climate in which European political parties engage in fundraising.

First, individual political characteristics matter much more than any institutional or cultural factors: party membership, party closeness and political ideology are important influences on decisions about whether to donate. This is good news for parties which wish to fundraise, because mobilization of their supporters is far easier for them to control than are cultural or institutional factors.

Second, left parties are not necessarily disadvantaged in the new world of political fundraising when the number of donors is in question, nor is there an inevitable and undemocratic income-bias in such models of party support: income was not a predictor of willingness to give, and at least as of 2002 left parties were ahead of more conservative parties in terms of the likelihood that their supporters would give.

Third, partisan giving responds to slightly different forces than do other types of secular civic donations. In particular, closeness to political parties and ideology both matter for partisan but not for other types of civic secular giving: the strong partisan attachments that translate into partisan giving do not “spillover” into commitments to other types of civic organizations.

Fourth, and crucially for the question posed at the outset of this paper, this cross-national data provides no evidence that tax policies influence decisions about *whether* to give to parties or to other civic organizations (though possibly they still affect decisions about *how much* to donate and the total amounts that parties collect). However, there was evidence that demand side policies may matter: the likelihood of donating declined in countries where election spending caps reduced parties' incentives to fundraise. Taken as a whole, this suggests that European parties may have some scope to increase the financial support they receive from individuals *should they be motivated to try*. If policy-makers want to encourage parties to broaden parties' grass-roots financial support, they may want to focus on giving parties reasons to fundraise, not just on giving citizens tax rewards for giving.

References

- Bellah, Robert et al. 1985. *Habits of the Heart: Individualism and Commitment in American Life*. Berkeley: University of California Press.
- Blais, Andre, and Ken Carty. 1991. "The Psychological Impact of Electoral Laws," *British Journal of Political Science*, 2: 79-93.
- Boatright, Robert and Malbin, Michael. 2005. "Political Contribution Tax Credits and Citizen Participation," *American Politics Research* 33: 787-817.
- Bowler, Shaun, Todd Donovan, Robert Hanneman. 2003. "Art for Democracy's Sake? Group Membership and Political Engagement in Europe," *Journal of Politics* 65: 1111-1129.
- Brooks, Arthur C. "Religious Faith and Charitable Giving," *Policy Review* Oct-Nov. 2003.
- Clotfelter, Charles. 1985. *Federal Tax Policy and Charitable Giving*. Chicago: The University of Chicago Press.
- Curtis, James, Douglas Baer, Edward Grabb. 2001. "Nations of Joiners: Explaining Voluntary Association Membership in Democratic Societies," *American Sociological Review* 66: 783-805.
- Dalton, Russell. 2006. *Citizen Politics*, 4th ed. Washington, DC: CQ Press.
- Dehne, Anita et al. 2008. "Taxation of Nonprofit Associations in an International Comparison," *Nonprofit and Voluntary Sector Quarterly* 37: 709-729.
- Duverger, Maurice. 1959. 2d ed. *Political Parties*. trans. Barbara and Robert North. New York: John Wiley & Sons.
- Fowler, James, and Cindy Kam. 2007 "Beyond the Self: Social Identity, Altruism, and Political Participation", *Journal of Politics* 69: 813-827.
- Haddad, Mary Alice. 2006. "Civic Responsibility and Patterns of Voluntary Participation Around the World," *Comparative Political Studies* 39: 1220-1242.
- Hirschman, Albert. 1970. *Exit, Voice and Loyalty*. Cambridge, MA: Harvard University Press.
- Inglehart, Ronald. 1997. *Modernization and Postmodernization*. Princeton, NJ: Princeton University Press.
- Jackman, Robert. 1987. "Political Institutions and Voter Turnout in Industrial Democracies," *American Political Science Review*, 81: 405-423.

- Janoski, Thomas. 1998. *Citizenship and Civil Society*. Cambridge: Cambridge University Press.
- Jowell, R. and the Central Co-ordinating Team. 2003. *European Social Survey 2002/2003: Technical Report*. London: Centre for Comparative Social Surveys, City University.
- Malbin, Michael. 2003. *Participation, competition, and engagement: How to revive and improve public funding for presidential nomination politics*. Washington, DC: Campaign Finance Institute.
- Olson, Mancur. 1971. *The Logic of Collective Action*. Cambridge, MA: Harvard University Press.
- Parry, Geraint, Moyser, George and Neil Day. 1992. *Political Participation and Democracy in Britain*. New York: Cambridge University Press.
- Pattie, Charles, Patrick Seyd, Paul Whiteley. 2004. *Citizenship in Britain: Values, Participation and Democracy*. Cambridge: Cambridge University Press.
- Peloza, John and Piers Steel. 2005. "The Price Elasticities of Charitable Contributions: a Meta Analysis". *Journal of Public Policy and Marketing*. 24: 260-72.
- Powell, G. Bingham. 1982. *Contemporary Democracies*. Cambridge, Harvard University Press.
- Putnam, Robert. 1993. *Making Democracy Work*. Princeton: Princeton University Press.
- Putnam, Robert. 1995a. „Bowling alone: America’s Declining Social Capital,“ *Journal of Democracy*, VI, 65-78
- Putnam, Robert. 1995b. „Tuning In, Tuning Out: The Strange Disappearance of Social Capital in America,“ *P.S. Political Science and Politics* 28: 1-20.
- Salamon, Lester, Helmut Anheier, Regina List, Stefan Toepler, S Wojciech Sokolowski and associates. 1999. *Global Civil Society: Dimensions of the Nonprofit Sector*. Baltimore, MD: The Johns Hopkins Center for Civil Society Studies.
- Salamon, Lester, S. Wojciech Sokolowski, et al. 2004. *Global Civil Society: Dimensions of the Nonprofit Sector, Volume 2*. Bloomfield, CT: Kumarian Press.
- Sousa, Luis de. 2004. "Portugal", unpublished report, Transparency International. www.transparency.org/content/download/5461/31876/polynomial_corruption_party_financing_portugal.pdf
- Stanbury, W.T. 1993. *Money in Politics: Financing Federal Parties and Candidates in Canada*. Toronto : Dundurn Press.

Taylor, Matthew. 2005. "Can Funding Reform Stir the Party Animal?," *Parliamentary Affairs* 58: 621-626.

Tiehen, Laura. 2001 "Tax policy and charitable contributions of money," *National Tax Journal* 54: 707-23. • Dec, 2001

van Deth, Jan et al. 1999. *Social Capital and European Democracy*. London: Routledge.

Verba, Sidney, Kay Schlozman, Henry Brady. 1995. *Voice and Equality*. Cambridge, MA: Harvard University Press.

Wuthnow, Robert. "The Voluntary Sector: Legacy of the Past, Hope for the Future?" pp. 3-27 in Wuthnow, Robert, ed. 1991. *Between States and Markets: The Voluntary Sector in Comparative Perspective*. Princeton: Princeton University Press.

Young, Lisa. 1998. "Party, state, and political competition in Canada: The Cartel Model Reconsidered," *Canadian Journal of Political Science* 31: 339-358.

Figure 1

Revenue Share of Philanthropy for Culture and Political Advocacy

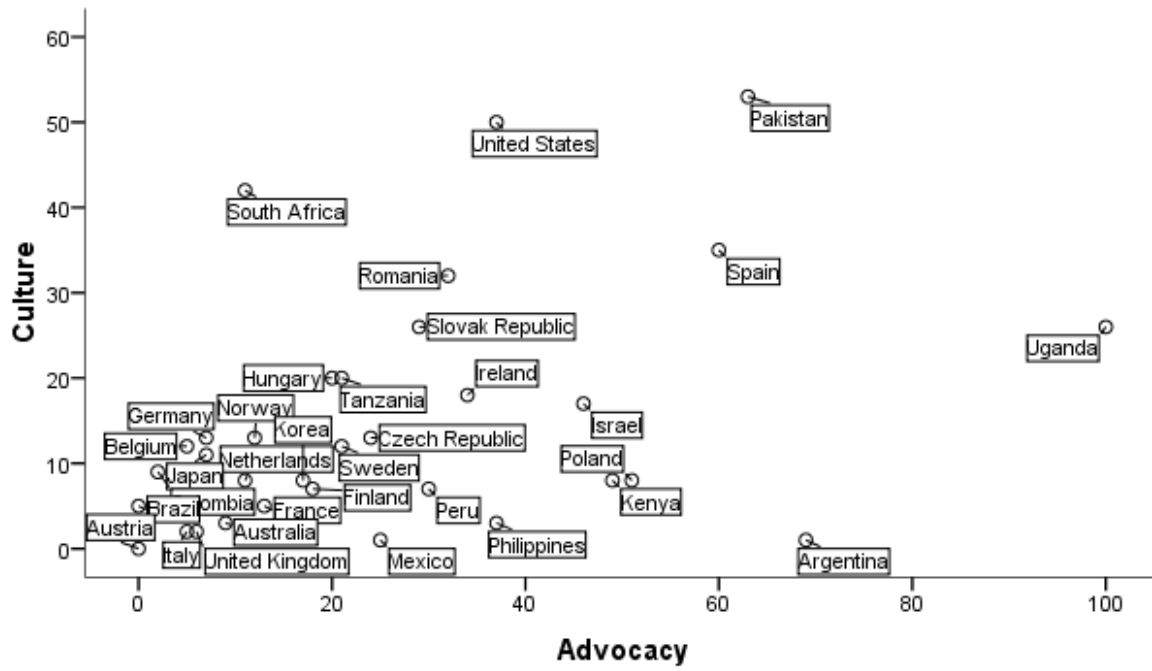


Figure 2

Europe: Revenue Share of Philanthropy for Culture and Political Advocacy

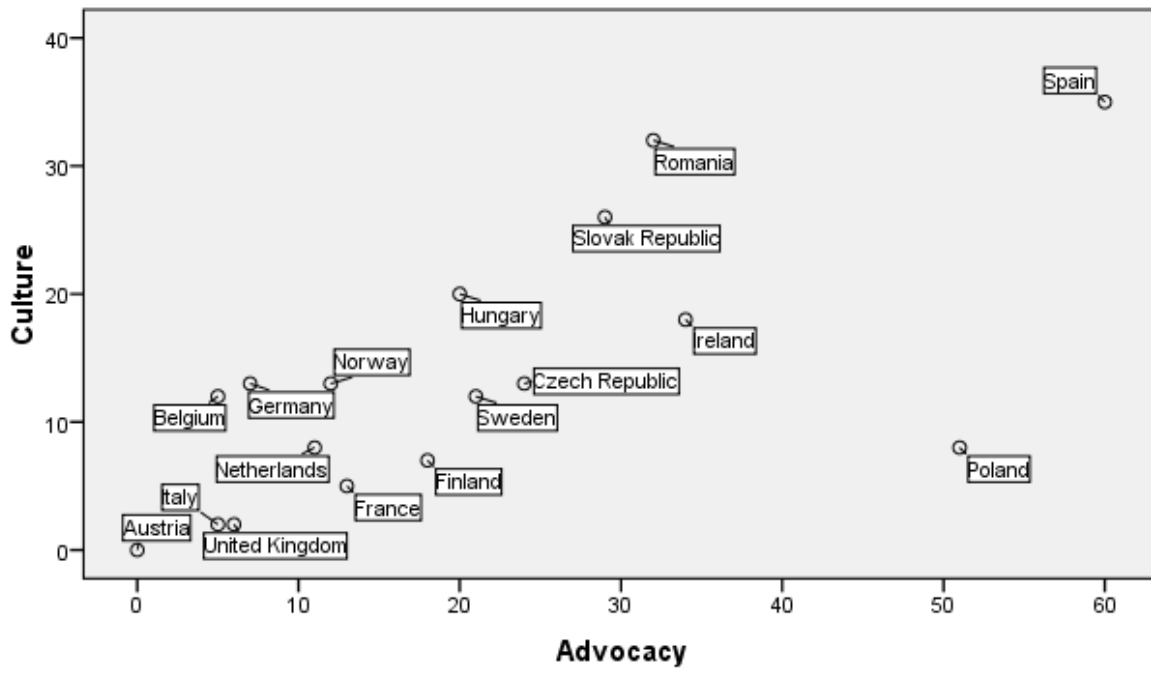


Figure 3
Donors to Organizations by Country

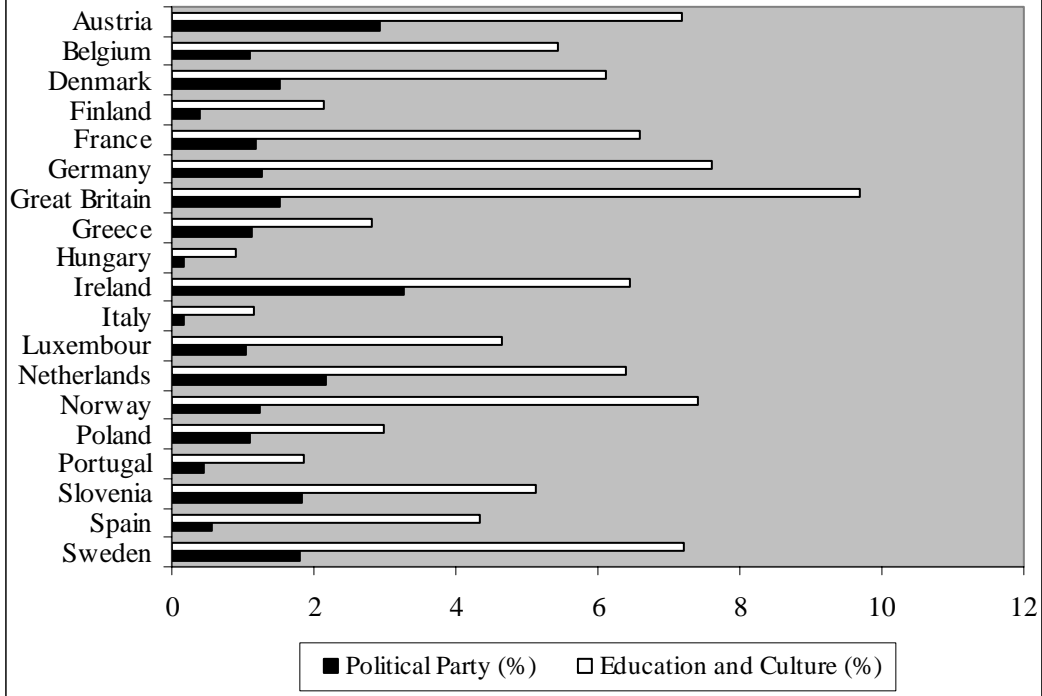


Table 1
Tax Incentives for Individual Donations

Country	Political Party Donations	Education and Culture Donations
Austria	No	Yes
Belgium	No	Yes
Denmark	No	Yes
Finland	No	No
France	Yes	Yes
Germany	Yes	Yes
Greece	No	Yes
Hungary	No	Yes
Ireland	No	Yes
Italy	Yes	Yes
Luxembourg	No	Yes
Netherlands	Yes	Yes
Norway	No	Yes
Poland	No	Yes
Portugal	Yes	Yes
Slovenia	Yes	Yes
Spain	No	Yes
Sweden	No	No
United Kingdom	No	Yes

Sources:

Political parties: International Idea tables, March 2007, updated March 2009; Portugal from Luis de Sousa, 2004; France www.ambafrance-uk.org/politics-paty-funding.html; www.givingineurope.org

Arts & Culture: www.givingineurope.org, March 2006, updated March 2009; Dehne, 2008.

Table 1. Findings from the Logistic Multilevel Model

Variables	Donations to Political Parties		Donations to Education/Culture	
	DV: Party donor		DV: Education/Culture Donor	
	MODEL 1	MODEL 2	MODEL 3	MODEL 4
Intercept	-5.90* (3.19)	-2.34 (4.19)	-5.24** (2.12)	-5.15*** (2.08)
<i>Individual Level</i>				
Education/Science member			2.02*** (0.08)	2.01*** (0.08)
Partisan member	3.57*** (0.18)	3.72*** (0.18)		
Income	0.07** (0.03)	0.03 (0.03)	0.06*** (0.02)	0.06*** (0.02)
Education	0.08*** (0.01)	0.08*** (0.01)	0.05*** (0.01)	0.06*** (0.01)
Marital Status	0.006 (0.14)	0.03 (0.16)	0.19** (0.08)	0.20** (0.08)
Religiosity	0.20*** (0.04)	0.16*** (0.04)	0.09*** (0.03)	0.08*** (0.03)
Gender	0.06 (0.15)	0.08 (0.17)	0.06 (0.07)	0.05 (0.07)
Age	0.01*** (0.004)	0.01*** (0.004)	0.008*** (0.002)	0.009*** (0.002)
Ideology	-0.06** (0.02)	-0.06** (0.02)	-0.01 (0.01)	-0.01 (0.01)
Closeness to political parties	0.63*** (0.11)	0.65*** (0.11)	0.09 (0.07)	0.06 (0.07)
<i>Country Level</i>				
Cultural				
Religious Fractionalization	1.39*** (0.48)	1.97*** (0.61)	0.99*** (0.30)	1.05*** (0.32)
Post Communist	0.87* (0.47)	0.66 (0.52)	0.40 (0.34)	0.42 (0.34)
Political & Economic				
GDP per capita (ln)	-0.40 (0.33)	-0.77* (0.43)	-0.12 (0.21)	-0.13 (0.20)
Electoral Threshold	-0.04 (0.05)	0.004 (0.06)	0.04 (0.03)	0.05 (0.04)
Policies				
Ceiling on party election expenditure		-0.37** (0.31)		
Tax Incentive Culture				-0.12 (0.17)
Tax Incentive Politics		-0.44 (0.28)		
AIC	1990	1987	5224	5224
BIC	2498	2510	5732	5740
Log Likelihood	-926	-922	-2543	-2542

*** significant at 1%, ** significant at 5%, * significant at 10%

Appendix 1

Countries from European Social Survey included in Analysis:

Austria
Belgium
Denmark
Finland
France
Germany
Great Britain
Greece
Hungary
Ireland
Italy
Luxembourg
Netherlands
Norway
Poland
Portugal
Slovenia
Spain
Sweden

Appendix 2

Tax Incentives for Individual Donations: Details

Country	Political Party Donations	Education and Culture Donations
Austria	No	To limited list of museums and educational organizations; up to 10% of annual income in previous year
Belgium	No	Above €30 to recognized organizations; not to exceed 10% of a donor's annual income, with an upper limit (€299.780 in 2004)
Denmark	No	To qualified organizations; between €66 and €50 (approx).
Finland	No	No
France	Tax rebate on donations and membership dues up to €7,500	66% of gift is deductible up to €22 per gift, up to 20% of annual income.
Germany	Tax credit for first €1,600, plus tax deductions for additional €1,600.	Up to 10% of annual income, depending on recipient (raised to 20% in 2007).
Greece	No.	Up to 10% of taxable earnings if total exceeds €100.
Hungary	No	For lower income donors only. 30% of donation is deductible, up to a maximum of HUF50,000 (ca. €200).
Ireland	No	Minimum €250, no maximum.
Italy	19% deductible for gifts between €1.50 and €103,291.	19% deductible up to €2066.
Luxembourg	No	Minimum €20 up to 10% of income or €500,000 (20% and €1,000,000 after 2007).
Netherlands	Same as for cultural donations.	For donations above €50 or 1% of income, up to 10% of income.
Norway	No	Up to NOK6000 in 2004.
Poland	No	Up to 6% of taxable income. Since 2003 citizens also may designate up to 1% of income tax as a charitable donation.
Portugal	Deductions but donations capped at 30 times the national minimum wage	25% of gift, up to 15% of income.
Slovenia	Deduction up to 3 months' average salary. Since 2007 tax designation option (see culture).	Up to 0.3% of earnings. Since 2007 citizens can designate up to 0.5% of income taxes for non-profits or political parties.
Spain	No	Between 10% and 25% of annual income.
Sweden	No	No
United Kingdom	No	Unlimited if taken from salary; limited for other contributions.

Sources:

Political parties: International Idea tables, March 2007, updated March 2009; Portugal from Luis de Sousa, 2004; France www.ambafrance-uk.org/politics-paty-funding.html; www.givingineurope.org

Arts & Culture: www.givingineurope.org, March 2006, updated March 2009; Dehne, 2008.

Currency conversions to Euros are from Giving in Europe.

Appendix 3
Definitions and Descriptive Statistics for Variables Used in Analyses:
19 Countries from the European Social Survey 2002

Variable	Definition	Source
<i>Individual Level</i>		
Education donor (dependent variable)	Measured dichotomously. Gave to education related organization, culture related organization. (1=education or culture donor).	2002 European Social Survey (ESS)
Party donor (dependent variable)	Measured dichotomously (1=party donor).	2002 European Social Survey (ESS)
Income	12 point scale, relative income in national terms.	2002 European Social Survey (ESS)
Education	Measured using the number of years of full-time education the individual completed.	2002 European Social Survey (ESS)
Marital Status	Measured dichotomously (married=1).	2002 European Social Survey (ESS)
Religion	7 point scale religious attendance.	2002 European Social Survey (ESS)
Gender	Measured dichotomously (Male=1)	2002 European Social Survey (ESS)
Age	Years of age.	2002 European Social Survey (ESS)
Ideology	10-point scale of party attachment: from the Left to the Right.	2002 European Social Survey (ESS)
Closeness	4-point scale of party attachment (higher = closer).	2002 European Social Survey (ESS) ²
<i>Country Level</i>		
<u>Cultural</u>		
Religious fractionalization	Index of religious fractionalization. (0 to 1, with higher = more fractionalized).	Primary source: Alesina (2002) ³ Retrieved from Norris's database. (http://ksghome.harvard.edu/~pnorris/dat/Data a/Data. htm). Last access on February 5, 2009
Post Communist	Measured dichotomously (1 = post-communist)	Constructed by authors.
<u>Political & Economic</u>		
GDP per capita	GDP per capita (2002), logged.	Primary source: World Bank database (2002). Retrieved from Norris's database (http://ksghome.harvard.edu/~pnorris/dat/Data a/Data. htm). Last access on February 5, 2009
Electoral Threshold	Values vary from 1.1 to 9.5	Primary source: Threshold 2 DPI (2002 World Bank Governance Figures). Retrieved from Norris's database (http://ksghome.harvard.edu/~pnorris/dat/Data a/Data. htm). Last access on February 5, 2009
<u>Policies</u>		
Ceiling on party election expenditure	Measured dichotomously (1=when there is a ceiling on party election expenditure)	IDEA database (http://www.idea.int). Last access on February 5, 2009.
Tax Incentive Culture	Measured dichotomously (1=tax incentives for donations to culture & education)	IDEA database (http://www.idea.int). Last access on February 5, 2009.
Tax Incentive Politics	Measured dichotomously (1=tax incentives for donations to political parties).	IDEA database (http://www.idea.int). Last access on February 5, 2009.

² Last access on January 15 2009.

³ Alesina, Alberto, Arnaud Devleeschauwer, William Easterly, Sergio Kurlat, and Romain Wacziarg. 2002. "Fractionalization", *Harvard Institute of Economic Research*. Working Papers 1959, Harvard - Institute of Economic Research

