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FOLLOW THE MONEY: PUBLIC SUBSIDIES AND THE CHANGING INTRA-PARTY BALANCE OF POWER BETWEEN DIFFERENT FACES OF THE PARTY ORGANISATION — THE CASE OF SWEDEN

Magnus Hagevi 

Does the allocation of public funding for parties support the assumptions of cartel party theory about a change in the internal balance of power within Swedish parties? By answering this question, the study tests some of Katz and Mair's theory about changing party financing that are linked to the changed balance of power within cartel parties. Using data on public party subsidiaries 1966–2011 in Sweden, the result supports these assumptions made by the cartel party theory.

According to cartel party theory developed by Katz and Mair (1995, 2009), political representation has eroded in Western party systems. Political parties have screened themselves off from civil society and become part of the state instead (see Mair 1994: 7–8). One manifestation of parties' greater association with the state is increasing public financing of parties concurrent with declining party membership, indicating that the parties have abandoned civil society. Katz and Mair characterised the movement of parties from civil society to the state as a fundamental change that has transformed individual parties: within the parties, the influence of elected officials, particularly party top leadership, has increased at the expense of party members and the central membership organisation. At the same time, these two scholars also argued that parties' actions at the local level are increasingly independent of what parties are doing at the central level (Katz and Mair 1995: 15, 20–1; 2002: 122–9; 2009: 754–6, 761). The present study supports both these assumptions by following the allocation of public party funding within parties.

Based on Katz and Mair's assumptions in their three most developed presentations of their theory (Katz and Mair 1995, 2002, 2009), including their article particularly focusing on changing power within parties (Katz and Mair 2002), I argue that it should be possible to trace the internal power shift by following the allocation of money from public financing (Scarrow and Webb 2017: 7). That is, those parts of the party that get an increasingly large share of public financing should coincide with those parts that, according to cartel party theory, benefit from the changed balance of power within party organisations. This assumption is tested in the case of Sweden, which has a political system that Katz and Mair (1995: 17) mentioned as among the most likely to develop cartel parties. *Does the allocation*

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of public funding for parties support the assumptions of cartel party theory about a change in the internal balance of power within Swedish parties? By answering this question, I will test some of Katz and Mair's assumptions about public party financing that are linked to the changed balance of power within parties.

As Katz and Mair (1996: 526) emphasised, the cartel party theory is concerned with the internal organisation of parties as well as with the party system as a whole. This study proceeds from the idea of the cartel party as a party type and focuses on the part of the cartel party theory concerning party organisation. In this perspective, the cartel party type is an imaginary theoretical ideal type with several characteristics that real parties may resemble to varying degrees (Bolleyer 2011; cf. Hekman 1983; Katz 2017: 331). The present study examines one characteristic of the cartel party type: the development of public party financing as indicators of a changed power balance within party organisations (Bolleyer 2011; Katz and Mair 1995: 20, 2009: 755–6).

This paper is organised as follows. I begin with a definition of public funding of parties and a theoretical section in which I develop three hypotheses. This is followed by a discussion of previous research. I then justify the choice of Sweden as a case and describe the study's design, methodology, and material. The empirical section begins with a description of the development of public funding of parties in Sweden over time. I then discuss the distribution of public support among elected politicians and the parties' central membership organisations. The empirical section concludes with a comparison of the development of party financing at the local and national levels in Sweden. In the final section, I discuss the conclusions of the study.

What is Public Party Financing?

Public party financing is a direct monetary support by public authorities for the activities of political parties together with the support paid out to parties to finance their activities in the public sector (Casas-Zamora 2005: 28). This definition includes payments resulting from political decisions about party financing. By contrast, it excludes elected politicians' personal compensation and financial support to the mass media. Support to parties in the form of offices, furnishings, and office supplies, as extended to parties in the Riksdag (the Swedish Parliament), is not included in this definition of party financing.

This definition of party financing does include contributions to parties' affiliated organisations, for example, youth and women's organisations. Having said this, however, I should mention that it is not my goal to examine contributions to political activities of affiliated organisations. This will be clear when I present my operationalisation of party financing in the method section.

Hypotheses

According to Katz and Mair (1995, 2009), when parties distance themselves from civil society, popular participation, and engagement in the parties decline. This is manifested in declining party membership among citizens, partly because the cost of professionalised election campaigns has outstripped what the parties believe their members are willing to pay. This gap has prompted parties to turn to the state in search of ever-increasing amounts of party financing. While there is support for the assumptions made regarding party subsidies and the increasing costs of election campaigns (Gidlund 1983: 343–4), extensive empirical research

finds no support for the argument that the decline in party membership is due to the increase in party subsidies (Bonander 2009; Pierre et al. 2000; van Biezen and Kopecký 2017). Katz and Mair (1995: 23–4, 2009: 759) also mention the possibility that public funding initiates collusion and policy convergence among established parties and favours them at the expense of new challengers without the support of public funding. However, comparative studies of Western European party systems do not support such claims (Enroth and Hagevi 2018; Pierre et al. 2000: 20–1; Scarrow 2006). In any event, declining party membership, competition in party systems and the professionalisation of party politics are not the focus of this study. Instead, I will follow the money within the party organisations. Indeed, Katz and Mair also argue that parties are not monoliths:

... we distinguished among the party in public office (PPO), which included the party both in parliament and in government; the party in central office (PCO), which was constituted by the permanent bureaucracy, national executive organs, and so on; and the party on the ground (POG)—the organized membership. (Katz and Mair 2009: 756)

According to Katz and Mair, the emergence of the cartel party implies both an organisational change and a shift in power from the POG and PCO in favour of the PPO, partly because parties are no longer financed by membership fees, but by public money. Decisions about party financing and its design are made in parliament by elected politicians. That is, the PPO itself controls party financing and can form it in a way that benefits the PPO at the expense of other faces of the parties (Katz and Mair 2002: 123, 2009: 756). Katz and Mair (2002: 131) also argue that the introduction of party financing in itself, regardless of which face of the party receives it, implies a decline in the PPO's dependence on the grassroots in the POG. According to the cartel party theory, as the party's dependence on voluntary contributions declines, the PPO becomes more independent of donors and dues-paying party members, and also of the PCO, whose task it was to administer these responsibilities for the party (cf. Scarrow 2013: 164). Furthermore, the 'most obvious symptom of this new pattern in the internal balance of power involves the distribution of financial resources within the party, and, in particular, the distribution of state subventions' (Katz and Mair 2002: 123), and 'the weight of power within the party, as well as by the distribution of internal resources—finance, staff, etc.—has moved much more firmly into the hands of the party in public office' (Katz and Mair 2009: 756).

I argue that, if parties are moving towards the organisational form of the cartel party, the government tends to allocate an increasingly large part of the public party subsidies to PPOs instead of PCOs. Based on this, I have formulated the following hypothesis:

Hypothesis 1: The government allocates an increasingly large part of public financing for political parties to the PPO and an ever smaller part to the PCO.

Support for hypothesis 1 confirms the cartel party theory's claim that public party financing can influence the internal balance of power within parties, which is in keeping with Katz and Mair's view of the impact that public financing can have. However, this is not sufficient to show that influence and decision-making inside the parties have changed, or that it has changed in the way that Katz and Mair claim (cf. Loxbo 2013). It is, for example, possible that an increasing number of decisions might be made by the PPO without this being reflected in how public funds for party financing are distributed. However, if the PPO does not take a larger share, then Katz and Mair's assumptions about the parties' internal distribution of public resources are falsified.

Katz and Mair (1995: 21, 2002: 127–9, 2009: 761) also argued that as the PPOs—party leaders, in particular—increase control over their parties, they simultaneously give up control over the parties at the local level, which are given autonomy. As one of its characteristics, the ideal type of the cartel party thus embraces a *stratarchical* organisation divided into levels, each independent of the others. Even if there is some controversy about the name of the concept (federalisation of political parties or franchise parties, for instance), about whether Katz and Mair’s description is too far-reaching, and whether the phenomenon is new or old (Koole 1996), the possible tendency towards an increasingly stratarchical organisation is recognised by several scholars (Bolleyer 2011; Carty 2004). As an ideal type, the stratarchical party organisation is an end of a continuum which, according to the cartel party theory, real parties are expected to increasingly resemble. The reason for the stratarchical organisation is that the parties need local parties to fill local positions, to help conduct election campaigns, and to provide legitimacy. It is also difficult for parties that have previously built up local organisations to shut down existing operations. According to Katz and Mair (2002: 129), local parties reflect the POG and primarily work on the content of politics, party programmes, and strategies within a limited territorial space within the state. Local parties can, however, create problems for the PPO if they support political proposals that do not correspond to those of the party leadership. Decoupling the different levels and giving local parties autonomy is one solution to this problem, as local politicians ought to appreciate the independence.

Katz and Mair admit that they are unsure about how the stratarchy of parties should be studied, and that this is something that requires further consideration (Katz and Mair 2009: 761). There are several possible approaches to studying tendencies towards stratarchy (cf. Harrison and McSweeney 2008). My proposal for studying these tendencies is in line with the suggestion of Nicole Bolleyer (2011: 330). If public party financing is as important as Katz and Mair claim, then the design of local party financing should be important for the development of the stratarchy between the central and local parties. If the local parties are to be autonomous from the central parties, then they should, in my opinion, seek their own source of secure financing, one that they control and that gives them economic independence from the central parties. Local parties therefore ought to promote the development of public financing at the local level that is independent of party financing at the central one. This implies that local parties should develop separate public financing that ensures their autonomy from the central parties.

This leads to two additional hypotheses that will be tested using Swedish party financing data:

Hypothesis 2a: The local parties are able to decide about their own public party funding in municipal and regional councils.

Hypothesis 2b: If the local parties are autonomous, the local public funding increases at about the same rate as does central public funding to the PPO and PCO.

Support for hypotheses 2a and 2b confirms a tendency of party organisational change towards the stratarchical organisation of cartel parties assumed by Katz and Mair.

Previous Research and Public Party Financing

In addition to Katz and Mair, other researchers have emphasised that, in particular, the internal division of power, policy-making, and the role of party members is related to party

financing (Duverger 1954; Kirchheimer 1966; Schlesinger 1984). Most Western democracies have some form of public financing for political parties (Scarrow 2006).

According to cartel party theory, due to their coalescence with the state, parliamentary parties must cooperate with one another to increase party financing (Katz and Mair 2009: 756–61). The parties' common interests, primarily their own survival through continued access to public money, give them an incentive to cooperate with other parties in a similar situation. Michael Koß (2011: 32–3) argued that, above all, comprehensive public financing is established when political parties create the possibility of reaching consensus on political decisions (corresponding to cartel party theory), and also when parties prioritise to hold political office (also corresponding to cartelisation theory) and realising their political programmes (counter to cartel party theory) (Koß 2011: 205–6).

Public party financing contributes to the professionalisation of politics because parties use it to hire employees or to purchase political services (Scarrow 2013: 163). Because party financing is increasingly directed towards the PPO, it is also this face of the party that recruits and leads the unelected professional politicians. It is this situation that gives the PPO influence at the expense of the PCO and POG (Scarrow and Webb 2017: 9). Previous studies have demonstrated that membership fees cover a shrinking portion of party expenditures at the national level, and at the same time, public financing is steadily rising (Bonander 2009: 167–9; Krouwel 2012: 235–43; van Biezen and Kopecký 2017). Also, the parliamentary party groups' part of public subsidies has been growing (Bardi et al. 2017: 71).

Nevertheless, increased public financing does not automatically mean that all the characteristics of the cartel party will blossom; rather, this is something that must be tested. Many researchers have pointed out flaws in the relationship, both theoretical (Enroth 2018; Kitschelt 2000) and empirical (Clift and Fisher 2004; Enroth and Hagevi 2018; Naßmacher 2009; Pierre et al. 2000; Scarrow 2006).

Something that ought to suggest local parties' lack of autonomy is when local party funds are transferred to finance central parties' activities. Calculations in a study conducted by Johan Lantto (2008: 102–4) indicate that 20% of local party financing (i.e., support from municipalities and regions) is transferred to the central parties in Sweden. The same data indicate that 20% of PCO income comes from the local parties. Comparing several reports presenting Swedish data on economic transfers from local to central parties suggests that such transfers are declining in size (Lantto 2008: 70–2; Sandström and Wising 1994: 80).

The Case of Sweden

In the article that introduced the theory of cartel parties, Katz and Mair (1995: 17) cited the Swedish political system as one of the most likely to develop cartel parties (however, cf. Blyth and Katz 2005). This is because, in Sweden, parties have significant institutional importance in the political system and thereby have greater opportunities to act and to implement measures that promote cartelisation (Detterbeck 2005). Since the 1960s, Swedish parties have received significant public financing from an allocation system that they themselves control (Gidlund 1983; Koß 2011). In 1965, the Riksdag passed legislation on public party financing, which was paid out for the first time in 1966. Since 1969, municipal and regional governments have had the authority to grant support to parties represented in municipal and regional councils (Gidlund 1983: 11). Together with compensation for politicians, public party financing is an important contributor to the professionalisation of politics (Hagevi 2003), which is seen as an incentive for cartelisation (Detterbeck 2005; Katz and Mair 1995). Sweden can therefore be

seen as a critical research case regarding the cartelisation of party organisations. That is, if the theory is correct, the balance of power in Swedish parties should have shifted in favour of party leadership and there should be increased autonomy of local parties from national parties. If this has not happened in Sweden, it is less likely that such changes will occur in parties in other political systems with comparatively less favourable circumstances for cartelisation.

Data and Measurements

The empirical investigation is based on data on public party financing in Sweden from the central (from 1966), regional, and municipal levels (from 1971). I refer to party financing decided on by the Riksdag as *central public funding* (see [Appendix](#) for details).

The central public funding is mainly based on a fixed amount for each parliamentary seat, equal for all parties, complemented with a smaller fixed amount that is somewhat larger for opposition parties than for parties in government. Since the parties win their parliamentary seats by a proportional representative election system, the allocation of central public funding is mainly based on the electoral success of each party. Some of central public funding are paid to the PCO, and some are paid to the PPO. The economic support to the PCO is composed of two parts. The first part is what the Riksdag formally calls the party subsidies. It is paid out as a sum of money per parliamentary seat of each party. The other part, called *office support*, comprises a variable amount of *supplementary support* based on the parties' number of parliamentary seats and a fixed amount of *basic support* that is somewhat larger for non-government parties.¹

The PPOs—the parliamentary party groups—receive central public funding as a *base grant* comprising a fixed base amount and a variable amount linked to the number of seats the party has. For opposition parties, the fixed base amount is twice as large as that received by government parties. The PPOs also receive economic support to employ professional staff, via a grant also linked to the number of seats each party has. PPOs also receive foreign travel grants related to the number of seats for the party, but the amount is reduced by 50% per seat above the party's first 20.

Since 2014, parties receiving central public funding have been required to report their income to the government authority (Kammarkollegiet, 2018); otherwise, the parties' use of public subsidies is unregulated. According to these reports, and earlier voluntary reports (Ohman 2016), seven of eight parties in the Riksdag get most of their income from public funding. For all parties represented in the Riksdag, membership fees amount to a very small part of their total resources (not above 4%), and they report relatively small donation amounts. The Social Democrats, the largest party in the Riksdag, and the Centre Party, one of the minor parties in the Riksdag, have economic resources connected to the PCO that other Swedish parties do not have. In 2016, the Social Democrats received about a fifth of the income from their lottery business. In 2005, the Centre Party sold their daily newspaper business for 1.8 billion SEK, about 193 million euro (Hjertqvist 2013: 17–20), and the returns from this fortune account for much of the party's income. This is the only party with major financial resources other than central public funding. Even so, this does not affect PPOs' ability to pass decisions in the Riksdag to increase the allocation of public subsidies to themselves at the expense of PCOs.

Not only parties represented in the Riksdag are eligible for party subsidies to the PCO. In a special arrangement, those that won at least 2.5% of the votes in one of the two most recent parliamentary elections are also eligible.

The PPOs have free offices in the Riksdag, including access to technical equipment and office supplies. This is not included in the party support examined here.

In 1969, the Riksdag passed legislation giving municipal and regional governments the right to distribute party support, which I call *local public funding*. The current law regulating local public funding is from 1991 (Kommunallagen 1991, see [Appendix](#) for details). Because the local rules of party support vary across municipalities and regions, it is impossible to describe it in detail here.

For central public funding, I consider the central party the recipient, while public funding from regions and municipalities—local public funding—is the support that goes to the local party organisation at the municipal and regional levels. Data on public funding come from sources within the Swedish Riksdag (Riksdagens årsbok 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012; Riksdagens utredningstjänst 2003) and from the Swedish Association of Local Authorities and Regions (Rådet för främjande av kommunala analyser 2012).

Hypothesis 1—*the government allocates an increasingly large part of public financing for political parties to the PPO and an ever smaller part to the PCO*—is tested by comparing the different parts of central public funding with each other. Central public funding is divided into support for the PCO and the PPO. If central public funding to the PPO in the Riksdag increases more than central public funding to the PCO, then it is concluded that an increasingly large part of the central public funding is allocated to the PPO. Then hypothesis 1 is supported. All other results falsify the hypothesis.

Hypothesis 2a—*the local parties are able to decide about their own public party funding in local and regional councils*—is supported if the local parties have access to separate public funding in municipal and regional councils. Hypothesis 2b—*if the local parties are autonomous, the local public funding increases at about the same rate as does central public funding to the PPO and PCO*—is supported if local public funding increases by about the same amount (or more) as does central public funding. This is interpreted as indicating that the development of public party funding at the local level is relatively independent of development at the central level and not controlled by, for instance, PPOs. On the other hand, if there is an increasingly strong allocation of central public funding to central parties rather than to local ones, then this indicates that the local parties are dependent on the central parties and that their autonomy is inhibited by the allocation of party funding to the central parties, falsifying the hypothesis.

The increase of party funding

[Figure 1](#) shows the increase in Swedish party funding from the state, regional, and municipal levels over the 1966–2011 period. The data are presented in SEK millions at fixed 2011 prices. The increase in Swedish public party support can be compared with Sweden's GDP per capita (at fixed 2011 prices), also shown in [Figure 1](#) for the same period (SCB 2013b). The GDP is only included as a comparison, not as a suggested explanation for the change in public party support.

According to the results presented in [Figure 1](#), Swedish public party funding has increased both steadily and strongly over the past four decades. All increases in public party funding are due to active decisions made by politicians in the Riksdag, or in regional or municipal councils. Since 1966, Sweden's public party funding has increased threefold. This can be compared with GDP per capita, which only doubled over the same period. Total Swedish party funding from the Riksdag, regions, and municipalities was approximately SEK 1.1 billion in 2011. The tendency shown in [Figure 2](#) implies that Swedish party funding has

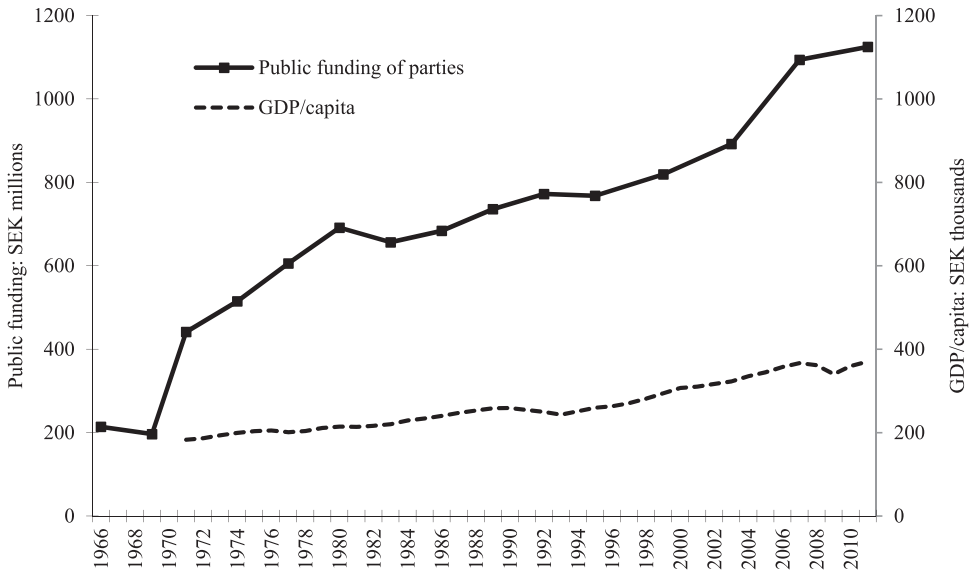


FIGURE 1 Swedish public party funding (1966–2011) versus GDP per capita, 1971–2011, in SEK millions and thousands at fixed 2011 prices, respectively. Exchange rate in January 2011: SEK 1000 = EUR 111.89 (European Central Bank 2013).

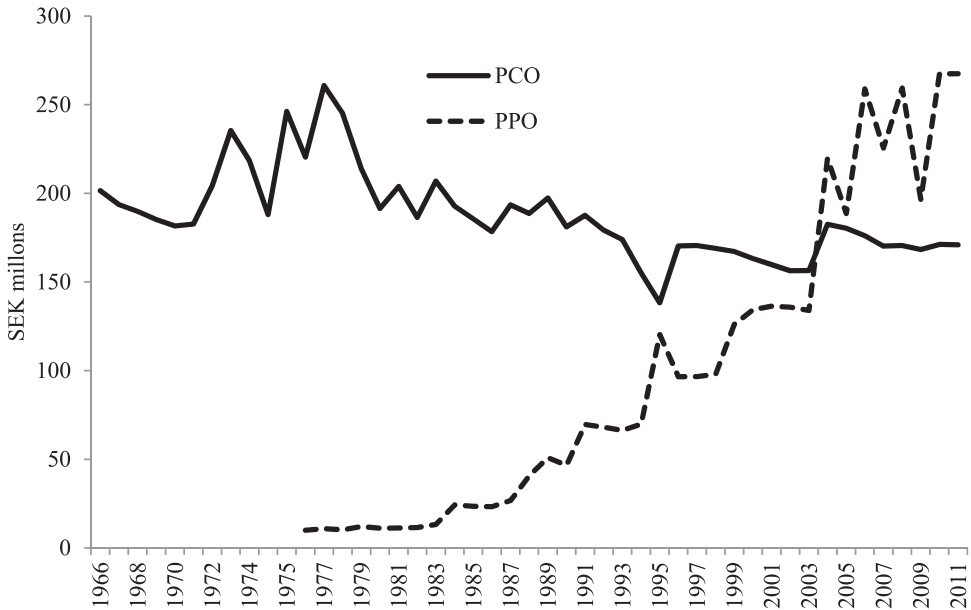


FIGURE 2 Central public funding to the Riksdag’s party groups (PPO) and to the party organisations (PCO), 1966–2011, in SEK millions at fixed 2011 prices. Exchange rate in January 2011: SEK 1000 = EUR 111.89 (European Central Bank 2013).

increased by an average of SEK 15.5 million per year since the establishment of local public funding in 1971. This amount suggests that the parties have had significant opportunities to professionalise politics. The annual increase in support is equal to the average annual cost of about 25 salaried employees (SCB 2013a).

Contrary to what cartel party theory suggests (Katz and Mair 1995; Scarrow 2006), party fragmentation has increased in Sweden. Such changes in the party system may affect the overall level of public party funding. For a part of the public party funding, each party gets the same amount. With more parties in the parliament, regions, and municipalities, the overall level of public party support increases. If party fragmentation explains the increase in public funding, the result does not support the assertions of the cartel party theory. In order to check for party fragmentation, public party support is divided by the number of parties in the party system: five parties in the early 1970s and eight parties in the early 2010s. In 1971, the average public funding for a party was 88.3 million SEK and in 2011 it was 140.6 million SEK, an increase of 52.3 million SEK or 59%. The party fragmentation modifies the increase of public party funding. However, even if the study takes into account increasing party fragmentation, there is a noticeable increase in public party support.

Balance of Power Between PPO and PCO

One of the hypotheses that can be deduced from cartel party theory is that party funding should be increasingly directed towards economic support for the PPO, while economic support for the PCO should stagnate or decline. Figure 2 presents a graph of central public funding to the PPO and PCO from 1971 to 2011 in Sweden.

The results shown in Figure 2 indicate that an increasing amount of central public funding is being allocated to the PPO, while support to the PCO has declined somewhat (Bolin 2012: 96–7; Bardi et al. 2017: 71). The results correspond to the cartel party theory's claim that the balance of power between the PCO (i.e., the parties' central membership organisations) and the PPO (i.e., the elected politicians) has shifted in favour of the latter.

Beginning with the Riksdag's 2006/2007 session, public funding directed towards the Riksdag increased dramatically, due to a decision to give MPs funds with which to hire professional staff (Konstitutionsutskottets betänkande 1999). The MPs, who are part of the PPO, decided that public funding ought to benefit their own face of the party.

Stratarchy and the Autonomy of the Local Party

According to cartel party theory, central and local parties develop autonomy from each other, that is, a stratarchical organisation develops (Katz and Mair 1995: 21, 2002: 129). According to hypothesis 2a, *the local parties are able to decide about their own public party funding in local and regional councils*. Such a scheme could be compared to the hypothetical possibility that the local parties got subsidies from the government budget, decided by the Riksdag. In such a case, local party finance would be controlled by the PPOs (Scarrow 2013: 164). One way to ensure the autonomy of the local party is for it to secure access to separate public funding that it decides on locally. As already mentioned, this has been the case in Sweden since 1969. Indeed, the rules governing party funding from municipalities and regions were changed in 1992, giving these governmental levels greater freedom to determine the form of such support (Kommunallagen 1991). The earlier *Law on Municipal Party Funding* (Lagen om kommunalt partistöd 1969) stated that party support was to be distributed solely based

on the number of seats the parties had in the local councils. Current legislation makes it possible for parties to receive support from municipalities and regions independent of seat distribution. The presence of local public funding and the increased local party autonomy both support hypothesis 2a.

According to hypothesis 2b, autonomous local public funding should increase at about the same rate as does central public funding to the central party (i.e., the PPO and PCO). Public funding from the state (to the central parties) and from the regions and municipalities (both of which go to the local parties) for the 1971–2011 period is shown in Figure 3.

Local and central public funding have increased by about the same amount, but starting from different levels. Local public funding does not appear to have been hampered by the growth in central public funding, supporting the existence of a stratarchical party organisation. In every new political term, central public funding increases by an average of approximately SEK 17 million (this only roughly describes the actual funding development, in which support jumped significantly during the 2006/2007 Riksdag session). Local public funding has increased at the same rate as has central funding. Municipal party support has increased by an average of approximately SEK 19 million each term, and regional party support by approximately SEK 13 million per term. There is no evidence that growth in public party funding has occurred primarily at the central level. Rather, the data suggest that local parties have used their autonomy to secure their financing by tapping an ever-increasing amount of public funding.

Municipal public party funding was significantly higher than central public funding for a long time, but by 2011, with the increased support for professional staff at the Riksdag, the two were about the same (SEK 441 million in municipal party funding vs. SEK 438 million in central

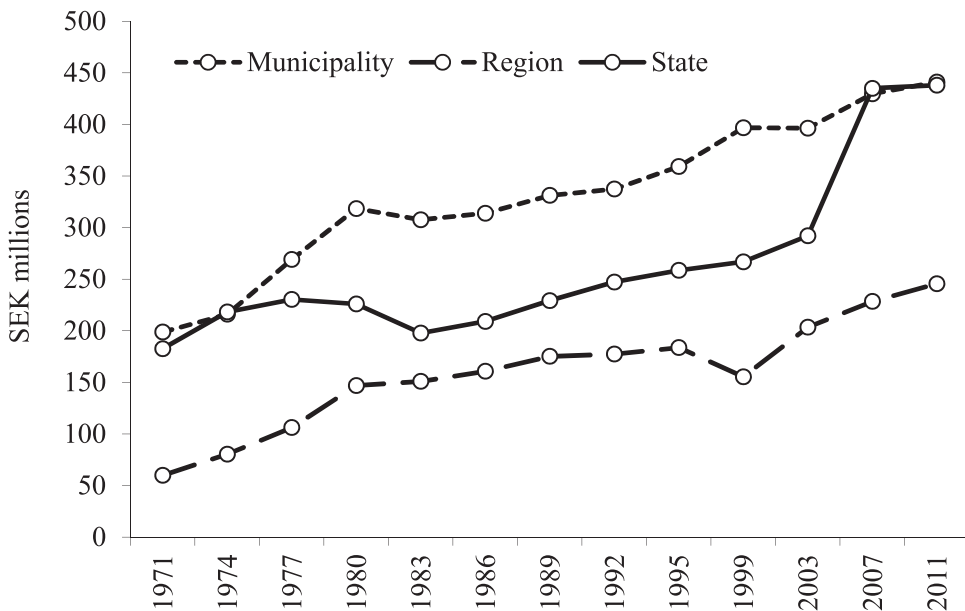


FIGURE 3

Swedish public funding at the state, regional, and municipal levels, 1971–2011, in SEK millions at fixed 2011 prices. Exchange rate in January 2011: SEK 1000 = EUR 111.89 (European Central Bank 2013).

public funding). Party funding from the regions is lower (approximately SEK 246 million in 2011). However, if public funding for parties from the municipal and regional levels is added together, it amounts to almost SEK 687 million in 2011, making local public funding significantly greater than central public funding. The size of local public funding indicates that the local party organisations are autonomous, supporting the cartel party theory's idea of a strataarchy within party organisations.

Conclusions

The allocation of party funding confirms the cartel party theory's assumption of a change in the internal balance of power within Swedish parties. An increasing portion of state resources is allocated to the PPO, here represented by the party groups in the Riksdag (Bardi et al. 2017: 71). The resources given to the Riksdag's party groups account for an increasing share of central public funding, while the amount that goes to the PCO, that is, the parties' membership organisations, is declining (Bolin 2012: 96). This development is in line with cartelisation theory's view that the PPO is increasingly dominating the parties at the expense of the PCO and POG, the parties' grassroots (Katz and Mair 2002, 2009).

A second result supports cartel party theory's hypothesis that party organisations tend to move towards the stratarchical organisation, implying that the central and local parties have increased their autonomy from each other (Katz and Mair 2009). The local parties control their own financing through the right of taxation enjoyed by the municipal and regional levels and because they are free to decide for themselves about both the level and design of local public funding. The local parties' local public funding can therefore increase at about the same rate as does the central parties' (PPO) public funding.

The strengthening of PPOs' power within increasingly stratarchical party organisations in Sweden implies, according to Katz and Mair (2002: 131), decreased possibilities for party grassroots, active in local party organisations (the party on the ground, POG), to affect major party policies. However, a stratarchical organisation raises questions concerning how well it fits with other parts of the cartel party theory, especially with a disempowered POG, the party grassroots that are reflected in local parties (Katz and Mair 2002: 129), and the autonomy of national party leaders.

The stratarchical tendencies in Swedish party organisation, here traced by the study of public finance of parties, support this somewhat neglected part of the cartel party theory. Still, in doing so, this study may very well cast serious doubt on bigger issues for this theory: the top management of otherwise formally internal democratic parties may be undermined by stratarchical tendencies within parties. Contrary to the central assumptions made by the cartel party theory, several studies point to increased possibilities for internal party democracy (Hagevi and Loxbo 2018; Scarrow 2015; von dem Berge and Poguntke 2017), as well as examples of how internal party democracy in reality increases (Loxbo 2013). In particular, scholars acknowledge party members' increased influence over candidate selection and party leadership election within parties (Hazan and Rahat 2010), while some doubt the POG's ability to affect national party politics (Gauja 2017: 82–3). Instead, scholars tend to assume that party leaders often exercise great control over policy-making (Carty 2004; Katz and Mair 1995), even if such assumptions may be too far-reaching (Henni and Franzman 2017). However, as Koole (1996: 518) suggests, even if party leaders have a strong position over party policy, they are fragile in that they may be overthrown by discontented activists with political platforms in local parties. As Katz (2001: 292–4) and Carty (2004: 21–2) have noticed, the

independence of local parties—the reflection of the POG—and the increase in internal party democracy, especially concerning leadership selection, enhance the likelihood of local parties controlling national party policies through their control of leadership selection. Indeed, the local parties may have every reason to seek such control. Even if the independence between local and national party organisations tends to increase, they still share the same party label. Since local elections are often so-called second-order elections, the outcomes of local elections tend to be affected by the successes and failures of national political parties (Marien et al. 2015). If activists in local parties find that party leaders fail to enhance their ambitions regarding policies or political careers, they may launch attacks against the party leader from their local platforms in the form of independent local parties. As this study shows, and which is often ignored in studies of public subsidies to political parties, local parties are financially strong organisations supported by public subsidies at the same economic level as national parties. To the extent that local parties reflect the POG, they seem to be a more important party face than is usually assumed by advocates of the cartel party theory. Since public party funding is a widespread phenomenon, it is possible to use it as an indicator of stratarchy in party organisations in comparative research (Bolleyer (2011)). Indeed, to test the assumptions made by the cartel party theory, comparative studies are important. It is also important to follow the money in party systems where the role of public party funding is limited (Blyth and Katz 2005). Indeed, in such party systems, scholars must follow other streams of money. Still, there is every reason for future research to try to relate the development of party funding to other arguments in cartel party theory (Enroth and Hagevi 2018; Scarrow and Webb 2017).

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NOTE

1. Office support is formally given to the political PCOs but, according to the preparatory work of the legislation, it is intended to finance the parties' Riksdag secretariats (Proposition 1972). At the same time, the proposition states that funds for the secretariats can be used for other purposes and that there is no oversight of how the money is used.

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Appendix

This appendix presents the main legal paragraphs concerning central and local public party funding in Sweden as of 2011. A party needs to get at least 4% of the nationwide vote to be represented in the Riksdag.

Central public funding

Law on state support to political parties of 2004

Political parties that participate in elections to the Riksdag will be subject to state support under this Act. (§1)

Party subsidies to the PCO according to law on state support to political parties

Party subsidies are given as seat grants. Each seat grant amounts to SEK 333,300. (§2)

If a party in any of the elections has not been represented in the Riksdag, then instead of the seat, the number of tenths of a percentages of the votes exceeding 2.5% received by the party in the election throughout the country are to be counted. (§3)

Party subsidies to the PPO according to the law on state support to political parties

Office support is based on basic support and supplementary support. (§5)

Basic support

A party which, in elections to the Riksdag, has received at least 4% of the votes in the whole country receives, for each year the election concerns, a whole basic support. Complete basic support amounts to SEK 5,803,200. (§6)

Supplementary support

A party referred to in §6 ... shall, in addition to the basic support, receive supplementary support of SEK 16,350 for each seat won for each year the election concerns, if the party is represented in the government, and SEK 24,300 for each seat won, if the party is not represented in the government. (§8)

Law on support for party groups for the work of MPs in the Riksdag of 1999

This law only regulates support to PPOs: According to this Act, parliamentary parties in the Riksdag are provided with basic support, support for political secretaries to MPs, and support for expenses for foreign travel of MPs. (§1). As a party group, each group of MPs is regarded as a party if it has received at least 4% of the votes in the whole country at a parliamentary election. (§2)

Base grant

The base grant consists of basic and supplementary support. The amount of the basic support is SEK 1,700,000 per year, and the amount of supplementary support is SEK 57,000 per year. (§4)

Basic support

Party groups representing a government party are entitled to one amount of basic support. Each of the other party groups is entitled to two amounts of basic support. (§5)

Supplementary support

A party group is entitled to an amount of supplementary support for each parliamentary seat won by the party in the last parliamentary elections. (§6)

Support for the costs of political secretaries to MPs

This support is intended to cover administrative assistance for MPs. The support is calculated according to the norm that it should correspond to the cost of one political secretary per MP. In determining the amount of support, the amount of SEK 59,300 per political secretary and month shall be the basis for the calculation. (§10)

Foreign travel grants

Support for travel expenses for MPs' participation in cooperation within the European Union shall be provided to the party groups in the amount of SEK 2500 per year for each member of the party group. (§14)

Support for expenses for parliamentary travel is given for participation in international conferences abroad and other foreign travel. The support will be given to each party group in the amount of SEK 5000 per year for the first 20 seats that the party won in the last election to the Riksdag and SEK 2500 per year for each additional seat that the party won in the election. (§15)

Local public funding*The Law of Municipalities and Regions of 1991 (Kommunallagen)**Municipal and regional party support*

Municipal and regional councils may provide financial aid and other support to political parties in order to strengthen their position in municipal democracy (party support). Party support may be given to the political parties represented in the council. A party is represented if it has won a seat in the council ... Party support may also be granted to a party which has ceased to be represented in the council, but only for one year after the end of the representation. (§9)

The council shall decide on the level and forms of the party support. The support must not be designed so that it improperly favours or disadvantages any party. (§10)