

ABSTRACT

The funding of political parties constitutes one of the most important *danger zones* (Andersson, 2003) of corruption in Western democracies. The existence of a bond between the economic resources that a party has available and its ability to extend its structure and then to become visible in the eyes of the electorate, makes that funding becomes a very valuable resource in the political competence. That is why it is a very favourable field for the development of corrupt exchanges.

It can be deduced from the Agency Theory and the Rational Choice New Institutionalism the importance of designing institutional mechanisms of control, which promote transparency in the party funding system, reducing the risk of corruption in such field. However, the empirical evidence demonstrates that the passing of such mechanisms is not always considered a priority in the political agenda. And, when it is, the result of such institutional design is unlikely optimal in matters of control and transparency, leaving the door open to the possibility to new ways of corruption appear and that they make necessary a more effective new institutional design. Therefore, far from being static, the configuration of the institutional system for controlling corruption in party funding becomes a dynamic process. And due to the fact that such design mainly affects political parties, their interests are going to be very present in the configuration and definitive passing of such mechanisms of control.

Having said that, in this thesis, it is analysed the back room of the transparency measures paying attention to the incentives that the political parties have when promoting – or at least allowing- the control of their action in such a vital field for them as their own funding is. Therefore, the passing and reforming process of funding laws as designed mechanisms, at least initially, to increase transparency and the control of corruption constitutes the dependent variable of this thesis.

In order to analyse it, it has been proposed an analytical framework based on the reference theories already mentioned; those are the Agency Theory and the Rational Choice New Institutionalism. From this analytical framework, in a deductive way, three independent variables are generated, which contribute to explain the creation and reform process of the party funding laws, and, from them, seven hypothesis of work are established. These variables are: (1) the parties' interest in having a good reputation in front of voters; (2) the parties' interest in obtaining economic advantages over the rest to

be better positioned in the political competition; and (3) the parties' interest in not restricting their room for manoeuvre in front of the citizens.

The hypothesis derived from the analytical framework are empirically demonstrated in the context of two western democratic systems, Spain and the United Kingdom, chosen through the comparative methodology based on the 'most different systems' design (Przeworski y Teune, 1970); a research design scarcely applied in the existing literature about corruption and political party funding.

Additionally, as it is not possible to quantify the independent variables of this research, the empirical demonstration of the hypothesis is made through an in-depth case study following a theoretical-deductive logic. In particular, it is qualitatively analysed the creation and reform process of the party funding laws in both countries, using 'analytic narratives' (Bates *et al.*, 1998).

From the empirical information which is provided, it is confirmed the validity of the analytical framework of this thesis. That means, it is demonstrated that the designing and passing of the party funding laws can be explained from the political parties' self-interest in keeping a good reputation in front of the electors, in obtaining economic benefits over the rest to be in a better position in the political competition and, in not restricting their margin of discretion in front of the citizens.