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Austrian Group at Heart of EU Nationalist Funding Draws Scrutiny

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An Austrian group that lists U.S. conservative entities like the [Heritage Foundation](#) and the [Atlas Network](#) among its partners is at the heart of a brewing scandal on how an alliance of Europe's nationalists is funded.

Conservative and libertarian think tanks in the U.S. have contributed to the coffers of the alliance for years. When funding from outside the European Union became illegal last year, the Austrian group, whose partners are the same U.S. institutes, stepped into the breach to donate more money. Now, Austria's prosecutors are looking into the group's practices.

Global scrutiny of political influencers has increased since President Donald Trump was elected in 2016 amid questions of Russian interference, which triggered a two-year long investigation in the U.S. Already in May, Austrian politics were thrown into turmoil after a video, filmed on the resort island of Ibiza, showed Vice Chancellor Heinz-Christian Strache of the Freedom Party offering state contracts in return for campaign funds. Strache stepped down and his party's ministers resigned from the government. A no-confidence vote then ousted Chancellor Sebastian Kurz.

Between 2012 and 2017, the Alliance of Conservatives and Reformists in Europe, or ACRE, whose members include the nationalist Law and Justice party in Poland and the opposition Civic Democratic Party in the Czech Republic, listed U.S. organizations including the [Heritage Foundation](#) and [Cato Institute](#) as donors.

ACRE's Stance

Last year, when the ban on non-bloc funding kicked in, ACRE got bigger donations from entities run by and individuals close to Barbara Kolm, a 54-year-old libertarian Austrian economist and a member of the country's nationalist Freedom Party. Kolm's funding operations are now being questioned. She denies any wrongdoing. Themistoklis Asthenidis, ACRE's deputy director, declined to comment on the group's funding.

In Europe's parliamentary elections late last month, most nationalist parties failed to make the gains they'd expected to, belying claims by Trump's former adviser Steve Bannon of a populist revolution on the Continent. ACRE's member parties won 64 seats, down from 75 before.

The alliance is a Euroskeptic grouping that doesn't reject the EU, but believes in a Europe of independent nations, working together with each retaining its identity. Its push for small government has drawn conservative and libertarian U.S. groups.

ACRE and its affiliated political foundation New Direction received about 285,662 euros (\$321,712) from non-European entities between 2013 and 2017, according to filings with the European Parliament.

EU Threshold

Granted, the amounts are small. In 2017, for instance, The Heritage Foundation is listed as having donated 5,980 euros, while the Atlas Network gave about 4,442 euros. Still, the money helped ACRE reach the threshold needed to receive EU funds -- which amounted to about 1.44 million euros that year -- and register as a regional political party.

The Heritage Foundation and the Cato Institute said they are not grant-making institutions and that they didn't consider their payments as donations, even though they are listed as donors by the alliance, but rather as fees for participating in conferences or for research projects.

Atlas said its mission is to "cultivate a network of partners that share a vision of a free, prosperous, and peaceful world where the rule of law, private property, and free markets are defended by governments whose powers are limited."

Kolm's Support

In 2018, when U.S. funding dried up, Kolm stepped up her donations. Her mother, the consulting firm Triple-A that she heads and three other individuals known to her gave 88,000 euros to ACRE, accounting for five of the six donations the group received in the year, according to filings to the European Parliament. The donations were made even though ACRE has no Austrian parties as members and Kolm's Freedom Party doesn't belong to the alliance.

Kolm, who started her political career as a city councillor for the Freedom Party in the Tyrolian capital Innsbruck, has become the nationalists' main economic expert. After the party joined Kurz's government coalition in 2017, she was put on the supervisory board of the Austrian public railway system and joined the central bank's general council.

In addition to Triple-A, Kolm heads the Austrian Economics Center, or AEC, and the Friedrich August von Hayek Institut, a libertarian think tank. Both Vienna-based institutes name as their partners U.S. institutions such as Americans for Tax Reform, Cato Institute, the Heritage Foundation and the Atlas Network.

Long Cooperation

One of the AEC's biggest projects is a series of events called "Free Market Roadshow" for which the U.S. entities are listed as sponsors. Kolm is also a frequent presence at libertarian events in the U.S. She said the AEC and ACRE have cooperated for a long time and that this cooperation has been audited and approved by the EU.

"Pro-market, liberal (libertarian) institutions cooperate and build networks," Kolm wrote in an emailed response to Bloomberg's queries. "The donations are unrelated to this cooperation."

She declined to comment on additional funding questions, citing the Austrian prosecutors' probe.

Some of the Kolm-linked donors to ACRE say they were just fronts. One of them, Peter Takacs, told Austrian media that he never gave any money to ACRE. He said he'd been asked by Kolm

whether he'd mind being listed as a donor to an unidentified European cause. Takacs declined to comment, citing the Austrian probe.

At least one other listed donor also didn't make a payment, according to Austrian newspaper Kurier. Austrian newspaper Wiener Zeitung also reported that ACRE gave business to Kolm's AEC and the Hayek Institute, suggesting a conflict of interest.

The media reports were cited by Austria's Social Democratic Party, a political opponent of Kolm, which called on prosecutors to look into possible fraud, breach of trust, abuse and misappropriation of subsidies. The Austrian prosecutors' office said they are reviewing the Social Democrats' claim.