Jan Misiuna

FINANCING POLITICAL PARTIES IN FRANCE, GERMANY AND THE UNITED KINGDOM

One of the perennial questions of democracy is: where do political parties take their money from? Obviously, a political party cannot be run without money: office workers, pollsters and marketing consultants need to be paid, and TV advertisements need to be bought. Without money, political parties would not be able to take part in elections. At the same time, those who donate the money gain influence, and in some cases their needs in policy making may take precedence over the public interest. In this paper, I analyse how political parties in three most important EU member states (Germany, France and the United Kingdom) are financed. I will try to answer the following questions: which system of financing of political parties is the most effective? What is the position of big donors? What – if any – are the mechanisms to block the rise in the costs of election campaigns in each state? Finally, I will examine the level of transparency in each system of party financing.

1. The effectiveness of collecting donations by political parties

I have decided to compare systems of financing of political parties and election campaigns in three states that – although substantially different when it comes to political systems – also have much in common, as they are highly economically developed democratic countries. The fact that they are all democratic states and have a similar level of economic development means that there are not many differences between election campaigns, that population standards of living are similar, and that technology plays similar role both in the life of societies and in election campaigns. Therefore, one can assume that factors other than regulation and political culture
can be more or less ignored when comparing the effectiveness of French, German and British political parties in collecting donations.  

1.1. The United Kingdom

British political parties may receive donations from individuals listed on the permitted electoral register, from registered parties, companies, trade unions, partnerships, societies and associations. Foreign entities are not eligible to donate. Party treasurers, election agents and candidates must check if they are allowed to accept contributions from a source. Contributions larger than £1,500 to a constituency party or larger than £7,500 to a central party must be reported to the Electoral Commission, which is allowed to confiscate a contribution, if it finds it was made against the law. Political parties must also inform the Electoral Commission about all loans received. Unincorporated associations whose contribution to political parties exceeds £25,000 must inform the Electoral Commission about all donations they have received. The aim of that regulation is to limit channelling money through third organisations, as covert contributions are prohibited. Finally, all candidates running for office must inform the Electoral Commission about all contributions in excess of £50.

A party with at least two sitting Members of the House of Commons is eligible for a Policy Development Grant (PDG). The total amount allocated for PDGs is £2 million annually, and the money is to be used by the political parties for preparation of policies that will be included in election manifestos. Parties in the Opposition to the Government are eligible to receive public funding to help them with the costs, such as travel expenses, of carrying Parliamentary business or running the office of the Opposition’s Leader. These funds are called Short Money in the House of Commons and Cranborne Money in the House of Lords. Parties in the Scottish


\[2\] The rules applied to the political parties in the Northern Ireland are slightly different, however these differences do not substantially influence the system of political party finance in the UK as such.


\[6\] Ibidem, p. 1.
Parliament are also eligible for public funding. Between 2001–2010 public funding played an important but not leading part in the financing of two main central political parties in Britain; it constituted 23 per cent of the Liberal Democrats’ total income, 15 per cent of the Conservative Party’s total income, but just 2 per cent of the Labour Party’s total income.

Figure 1. Donations received by British parties by year (2006–2014) (in GBP)


The amount a party can spend on an election campaign in the UK is limited (limits differ for parties and candidates); however, there are no limits on general expenses of political parties. During the 2010 British general elections central parties could spend up to £30,000 in each district they contested. Therefore, if a party

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8 Commission on Standards, op.cit., p. 38.
decided to contest all 650 seats, it could spend up to £19.5 million\textsuperscript{9}. During the 2014 European Parliament elections a political party that contested seats in all electoral regions could spend up to £3.285 million on the election campaign\textsuperscript{10}.

The British regulatory regime seems quite liberal, particularly regarding receiving donations by political parties from large donors and big business. Although political parties are required to inform the Electoral Commission on the donations accepted, this regulation does not seem especially burdensome. Moreover, British political parties, mainly the opposition, may use public money. The most important regulatory limit regarding financing political parties are the elections spending caps. While British political parties have impressive opportunities to collect contributions, in fact they collect and spend relatively small sums for election campaigns (both in the absolute terms and proportionally to the size of British population). The relative simplicity of the British campaign finance regulation is also an advantage, as it lowers operational costs of political parties.

1.2. The French Republic

The foundations for the present system of financing of political parties in France were laid in 1988, when the bill n° 88–227 on the financial transparency of political life was passed (\textit{Loi n° 88–227 du 11 mars 1988 relative à la transparence financière de la vie politique}). The law stipulates two main sources of money for political parties. The first one is financing from private sources (\textit{le financement privé}) such as membership fees, business activities of parties, bequests and contributions from individuals, including foreign nationals. Political parties cannot accept donations (financial or any other) from legal entities, foreign organisations and states\textsuperscript{11}. The only legal entities that are exempt from the ban on donating to candidates are political parties financing candidates during election campaigns. The ban on accepting contributions from legal entities was introduced to limit the influence of business on political parties\textsuperscript{12}. According to the Electoral Code (article L52-8), each donor may donate up to €4,600 to a candidate during an election campaign and up to €7,500

to a political party annually\textsuperscript{13}. However, French political parties would not be able to operate relaying only on private sources of money, therefore they are eligible for public funding (\textit{le financement public}). The public funding is limited to parties that during the first round of elections secure at least 1 per cent of votes in 50 electoral districts. The amount of public money that a party can receive may be reduced if the party doesn’t fulfil the women quota among its candidates\textsuperscript{14}. A party that fulfils all the requirements may receive public subvention to the amount of € 1.68 annually for each vote secured (an increase from € 1.63 for the 2007–2013 term) during the whole 5-year term of the parliament\textsuperscript{15} or € 200 million for all political parties between 2012–2017. Additionally, political parties receive free airplay on public radio and TV stations during election campaigns\textsuperscript{16}.

Table 1. Annual subventions to political parties in France during the 2012–2017 parliamentary term

<table>
<thead>
<tr>
<th>Political party</th>
<th>Votes secured</th>
<th>Annual subvention (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front de gauche (FG)</td>
<td>1,792,923</td>
<td>3,012,110.64</td>
</tr>
<tr>
<td>Parti Socialiste (SOC)</td>
<td>7,617,996</td>
<td>12,798,233.28</td>
</tr>
<tr>
<td>Union pour un Mouvement Populaire (UMP)</td>
<td>7,037,471</td>
<td>11,822,951.28</td>
</tr>
<tr>
<td>Front National (FN)</td>
<td>3,528,373</td>
<td>5,927,666.64</td>
</tr>
<tr>
<td>Radical de Gauche (RDG)</td>
<td>429,059</td>
<td>720,819.12</td>
</tr>
<tr>
<td>Europe-Ecologie-Les Verts (VEC)</td>
<td>1,418,141</td>
<td>2,382,476.88</td>
</tr>
<tr>
<td>Le Centre pour la France (CEN)</td>
<td>458,046</td>
<td>769,517.28</td>
</tr>
<tr>
<td>Parti radical (PRV)</td>
<td>321,054</td>
<td>539,370.72</td>
</tr>
<tr>
<td>Nouveau Centre (NCE)</td>
<td>569,890</td>
<td>957,415.20</td>
</tr>
</tbody>
</table>


The candidates in elections in France are required to conform to expenditure limits (caps) on election campaign expenses. The limit in general elections is set to €38,425 per election district and additional €0.15 per each individual living in that district. The limit in local elections is set to between €0.30 and €1.22 per individual depending on the elections and the number of residents in the electoral district. The


\textsuperscript{14} Assemblée Nationale, op.cit.


\textsuperscript{16} Assemblée Nationale, op.cit.
more residents an electoral district has, the lower the limit per individual. Limits are corrected allowing for the inflation rate\(^{17}\). In the 2012 presidential elections each candidate in the first round could spend for his/her election campaign up to €16.851 million. Candidates who passed through to the second round could spend up to €22.509 million for the whole election campaign\(^{18}\).

Candidates who have received more than 5 per cent of votes in the first round of parliamentary elections or 3% per cent in the European Parliament elections, excluding presidential elections, and who have fulfilled formal criteria, namely presented National Commission for Campaign Accounts and Political Finances (La Commission nationale des comptes de campagne et des financements politiques, CNCCFP) with complete financial statements and received its approval, registered a financial plenipotentiary, kept expenditures for their election campaign within limits set, may demand to be reimbursed for the expenses on the election campaign. The National Commission for Campaign Accounts and Political Finances decides on the amount that will be reimbursed: the Commission may set a limit on the level of expenditures that will be reimbursed; the expenditures reimbursed may be equal to the donations collected by a candidate, or they may be equal to 50 per cent of the expenditure limit set for the particular electoral district. The Commission will reimburse to the lowest of the available options\(^{19}\). In 2008 the candidates in the municipal and cantonal elections were reimbursed for the campaign expenses to the amount of €72.8 million\(^{20}\).

The French system of financing political parties and election campaigns is quite complicated and therefore generates significant costs for the candidates and parties, as hiring of election consultants is necessary. The size of individual contributions to political parties and candidates is limited. Moreover, legal entities and corporations cannot contribute to political parties and candidates’ election committees. The state plays an important part in the system of financing political parties in France, particularly through the elaborate system of public subventions to political parties and candidates, monitoring of finances of political parties and members of parliament, and limiting campaign expenditure. The combination of caps on expenditures by candidates and political parties for election campaigns and limits on the contributions to political parties and candidates means costs of election campaigns and political parties’ operating costs are relatively low. However, strict monitoring of

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\(^{17}\) Ibidem.


\(^{19}\) Ibidem, p. 2–3.

\(^{20}\) Ibidem, p. 3.
party finances and public subventions to political parties generates substantial costs for the French Treasury.

1.3. Federal Republic of Germany

The system of financing election campaigns and political parties in the Federal Republic of Germany is highly influenced by the federal character of the republic. Financing of political parties in Germany is regulated by the 1967 Law on Political Parties (Parteiengesetz) with subsequent changes. The Law on Political Parties regulates among others how the political parties can collect contributions and federal and state (Länder) subventions to political parties.

Section 24(4) of the Law on Political Parties stipulates that the sources of income of political parties in Germany include: membership dues, contributions paid by elected office-holders and similar regular contributions, donations from natural persons, donations from legal persons, income from business activities and participating interests in companies, income from other assets, income from organised events, distribution of printed material and publications and other income-yielding activities, public funds, grants received from party branches and other. Additionally, Section 25 lists entities, groups and individuals who cannot donate to political parties: public corporations, parliamentary parties and groups, parliamentary groups of municipal councils, political foundations, corporate entities, associations of persons and estates. Additionally, political parties cannot accept contributions from foreign entities, unless they are registered in Germany or in any other EU member state or are wholly or partially owned by a German or a citizen of any other EU member state. Political parties can accept contributions from foreigners in the amount lower than €1,000. Political parties cannot accept contributions from professional organizations and enterprises in which the state directly holds at least 25 per cent of shares as well as from anonymous sources (contributions larger than €500), including those “evidently [...] passed on as a donation by unnamed third parties”. Political parties are forbidden to accept donations collected by a third party for a fee paid by the political party that amounts to more than 25 per cent of the donation or donations made in expectation of financial or political gain. Political parties are required to inform the President of the Bundestag immediately about all contributions exceeding €50,000. The President of the Bundestag publishes all the information on that donations, including the donor’s name. Although German political parties, particularly the large parties ones such as SPD and CDU/CSU, have substantial possibilities of collecting donations, the Law on Political Parties allows for possibility of public subventions to political parties.
Part IV (sections 18–22) of the Law on Political Parties regulates public funding of political parties. Public funding cannot be the sole source of income of a political party. Public funds are allocated using a formula that includes European Parliament, Bundestag and Landtag elections returns, membership dues, contributions from elected public office holders and the total amount of donations received by a political party. The Law on Political Parties introduces a maximum amount of public funds (the so-called absolute upper limit) that can be annually distributed to the political parties who fulfil general criteria. The amount distributed annually to political parties may be adjusted by the price index combining (weighting factor of, respectively, 70 per cent and 30 per cent) the consumer price index and the standard monthly salaries of employees of central, regional and local governments. In 2012, the maximum upper limit was set at € 150.8 million, while in 2011 it was € 141.9 million, and between 2002–2010 – € 133 million. The comparison of the upper limit of public subventions to the political parties with the total expenditures of political parties (Table 2) confirms that, as planned, public funding is an important but not the dominant source of income for political parties. Eligibility for public funding is linked to the elections results: in order to be entitled to public funding a party needs to receive at least 0.5 per cent of valid votes cast for party list in the most recent European Parliament or Bundestag elections or 1 per cent of valid votes in the Landtag elections. Moreover, parties that have received 10 per cent of the valid votes cast in a constituency are eligible. The exception is made for national minority parties. Political parties that fulfil the criteria discussed may receive annually € 0.70 for each valid vote cast for the party (or € 0.70 for votes cast for a party in a constituency if that party list was not admitted to the state (Land) level) and € 0.38 for each euro received from other sources, but only donations of up to € 3,300 per natural person are taken into account. Public subventions to a political party cannot exceed donations collected by a party itself (relative upper limit). In case of the public funds to political parties allocated on the basis of valid votes obtained in Landtag elections, a party’s State (or Land) branch receives € 0.50 for each vote and the remaining funds are paid to the party at the Federal level. If a party is not represented on the Federal level, all the funds are transferred to the Land branch of a party.

The German system of financing political parties and election campaigns is complex, as it combines financing from private and public sources. Allocation of public funds is designed in a manner that allows for supporting of political parties while minimising the possibility of complete dependency of a political party on public money. Moreover, public funds are allocated in a manner designed to prevent excessive

21 German Bundestag, *State funding of political parties in Germany*, Berlin, November 2012, p. 3.
centralisation of political parties. Public subsidies to political parties are substantial; however, the budgets at the disposal of each party are directly related to their fund-raising abilities and number of members. The expenses of German political parties (both for election campaigns and everyday operations) are significant, which may be related to the fact that there are no regulations in Germany limiting election campaign expenses of political parties.

Table 2. Expenditures of political parties represented in the Bundestag between 2006–2012 (in million EUR)

<table>
<thead>
<tr>
<th>Name of the party/Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009*</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDU</td>
<td>133.4</td>
<td>118.0</td>
<td>131.0</td>
<td>200.0</td>
<td>120.0</td>
<td>132.3</td>
<td>122.2</td>
</tr>
<tr>
<td>SPD</td>
<td>147.6</td>
<td>130.0</td>
<td>152.6</td>
<td>208.0</td>
<td>127.0</td>
<td>141.5</td>
<td>133.3</td>
</tr>
<tr>
<td>Bündnis 90/Die Grünen</td>
<td>24.0</td>
<td>21.4</td>
<td>25.5</td>
<td>37.0</td>
<td>25.5</td>
<td>32.5</td>
<td>30.7</td>
</tr>
<tr>
<td>FDP</td>
<td>29.6</td>
<td>24.7</td>
<td>29.0</td>
<td>51.5</td>
<td>27.5</td>
<td>34.7</td>
<td>(no data available)</td>
</tr>
<tr>
<td>Die Linke</td>
<td>20.0</td>
<td>19.9</td>
<td>22.9</td>
<td>33.7</td>
<td>22.9</td>
<td>26.8</td>
<td>25.7</td>
</tr>
<tr>
<td>CSU</td>
<td>31.2</td>
<td>36.6</td>
<td>63.6</td>
<td>44.7</td>
<td>30.5</td>
<td>31.9</td>
<td>33.4</td>
</tr>
<tr>
<td>Total</td>
<td>385.6</td>
<td>350.6</td>
<td>424.6</td>
<td>574.9</td>
<td>353.4</td>
<td>399.6</td>
<td>345.3</td>
</tr>
</tbody>
</table>

* Bundestag elections year.


2. Relationships between large donors and politicians

Regardless of the country, there is one type of donor that all politicians like best: large donors. Thanks to large donations parties can quickly secure money necessary for their operations. However, with time regular large contributions from a small group of large donors (both individuals and organisations) may lead to some negative consequences, including dependence of political parties on large donors. Politicians dependent on money received from large donors may be prone to act in the interest of those donors even if it is against public interest. This is the reason why
studies on relationships and regulation of the relationships between large donors and political parties are important.

Table 3. Proportions of total amount of money donated to the British political parties by the value of the donations (2010–2013) (in %)

<table>
<thead>
<tr>
<th>Year/Value of donations</th>
<th>Less than £1,001</th>
<th>£1,001–5,000</th>
<th>£5,001–10,000</th>
<th>£10,001–20,000</th>
<th>£20,001–50,000</th>
<th>£50,001–100,000</th>
<th>£100,001–250,000</th>
<th>Over £250,001</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1</td>
<td>11</td>
<td>7</td>
<td>6</td>
<td>17</td>
<td>12</td>
<td>13</td>
<td>33</td>
</tr>
<tr>
<td>2011</td>
<td>1</td>
<td>9</td>
<td>7</td>
<td>7</td>
<td>20</td>
<td>9</td>
<td>9</td>
<td>38</td>
</tr>
<tr>
<td>2012</td>
<td>1</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>20</td>
<td>13</td>
<td>15</td>
<td>28</td>
</tr>
<tr>
<td>2013</td>
<td>0</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>16</td>
<td>11</td>
<td>12</td>
<td>37</td>
</tr>
</tbody>
</table>


In the United Kingdom the relationships between political parties and large donors have been investigated recently. In November 2011 the Committee on Standards in Public Life presented the Parliament with a report on political party finance entitled “Political party finance. Ending the big donor culture.” In the report two definitions of large donation are used. According to the first one, a large donation is a donation of more than £50,000. According to the second definition, a large donation is a donation to a political party of more than £100,000. The data provided by the Electoral Commission point to the fact that British political parties depend on large donations to significant extent. In each year between 2010–2013 at least 43 per cent of donations fulfilled the second definition of large donation (see Table 3). Moreover, more than half of the money received by the British political parties in donations between 2010–2013 was given in contributions larger than £50,000 or in donations large in the meaning of the first definition provided by the Committee.

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23 The first definition is not expressly formed in the report. However, the authors list large donors sitting in the House of Lords (without providing information whether they had been large donors before entering the House of Lords or have become large donors after entering the House of Lords) and the list includes all the lords that have contributed more than £50,000 to political parties, see ibidem, p. 22.
on Standards in Public Life. Therefore, it can be assumed that large donations (and thus large donors) are an important source of income for British political parties.

In that context it is not surprising that some of the nominations to the House of Lords are considered to be linked with donations for political parties. Indeed, 48 out of 212 (23 per cent) peers who entered the House of Lord between 2004–2011 were donors of political parties. Those nominations were investigated by the Metropolitan Police but without effect. 24

Given the data indicating the importance of large donors for the British political parties, it is not surprising that the Commission on Standards in Public Life has recommended certain solutions to limit the influence of large donors on the British system of financing political parties and election campaigns. Members of the Commission believe that, although there is no evidence indicating that the effects of the domination of large donors in the system of financing of political parties are negative, it is necessary for the proper functioning of the British political system to eliminate that domination. 25

In France, before the 1988 reform, political parties, candidates in elections and large donors lived in symbiosis due to the perfect conditions created by the French system of financing election campaigns. However, a series of reforms changed the situation. The introduction of limits on the size of donations from individuals, prohibition of donations to political parties and candidates by corporations and associations, and the introduction of caps on party and candidate expenditures during election campaigns eliminated the problem of political parties’ and candidates’ dependency on large donors. In consequence, the influence yield by large interest groups on political parties diminished. Eliminating large private donors in the new system of financing election campaigns and political parties in France created a new kind of dependence, as the French political parties depend on the state for providing the funds necessary for financing their activities. 26

The situation in Germany is quite different than in France. The German system of financing political parties and election campaigns is very liberal in many aspects, including regulations on the relationships between politicians and large donors. The Law on Political Parties has not introduced limits on the size of donations to political parties made by individuals and corporations. Since 2002 political parties have been required to inform the president of the Bundestag immediately about every donation larger than €50,000, pursuant to the Law on Political Parties; therefore,

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24 Committee on Standards in Public Life, op.cit., p. 23.
26 Assemblée Nationale, op.cit.
one can assume that a donation of that size is considered large in Germany. Information about donations larger than € 50,000 passed to the president of the Bundestag are than published as official parliamentary documents, including the names of the party that received the contribution, the name of the donor and the date of donation and the exact amount donated\(^{27}\).

### Table 4. Total amount of money received by German political parties in donations larger than € 50,000 between 2006–2012 (in thousand EUR)

<table>
<thead>
<tr>
<th>Name of the party/Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009(^{a})</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDU</td>
<td>1,036</td>
<td>1,479</td>
<td>1,911.4</td>
<td>2,638</td>
<td>1,103</td>
<td>516</td>
<td>357</td>
</tr>
<tr>
<td>SPD</td>
<td>478</td>
<td>346</td>
<td>651</td>
<td>461</td>
<td>350</td>
<td>355</td>
<td>259</td>
</tr>
<tr>
<td>Die Grünen</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>FDP</td>
<td>462</td>
<td>569</td>
<td>936</td>
<td>1,655</td>
<td>446</td>
<td>270.5</td>
<td>204</td>
</tr>
<tr>
<td>Die Linke</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>175</td>
<td>60</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>CSU</td>
<td>468</td>
<td>585</td>
<td>1,612</td>
<td>993</td>
<td>509</td>
<td>562</td>
<td>461.5</td>
</tr>
<tr>
<td>MLPD</td>
<td>1,765</td>
<td>200</td>
<td>400</td>
<td>0</td>
<td>0</td>
<td>214</td>
<td>115</td>
</tr>
<tr>
<td>AGFG</td>
<td>0</td>
<td>649</td>
<td>368</td>
<td>265</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NPD</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>140.5</td>
<td>150</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>DVU</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,031</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,269</td>
<td>3,887</td>
<td>5,938.4</td>
<td>6,212.5</td>
<td>3,824</td>
<td>2,027.5</td>
<td>1,456.5</td>
</tr>
</tbody>
</table>

\(^{a}\) Bundestag election year.


The role of donations from large donors for main German political parties seems insignificant, as the total amount of donations larger than € 50,000 is but a fraction of the money main political parties collected between 2006–2012. However, the situation is different for small political parties, such as German Marxist-Leninist Party (Marxistisch-Leninistische Partei Deutschlands, MLPD) that are not represented in the Bundestag. Large donations from a small number of donors are important for small parties, as they have very few members and small electoral support. It needs to be

stressed that this analysis does not take into account contributions large enough to make impact but smaller than the amount requiring immediate notification of the president of the Bundestag.

German political parties that are represented in the Bundestag receive large donations primarily from corporations. Some of them, such as multinational financial services corporation Allianz, contributed large amounts of money to all the parties represented in the Bundestag each year between 2006–2012. Another large donor, the automotive corporation Bayerische Motoren Werke AG, not surprisingly contributed to all the parties in the Bundestag with the exception for the Green Party (*Die Grünen*). Deutsche Bank also significantly contributes each year to political parties, but only to the CDU, SPD and, above all, FDP. Another automotive giant, Daimler AG, contributed annually between 2006–2012 only to CDU and SPD. However, the number of corporations that donate substantial amounts to political parties annually is small.

The number of individuals donating large amounts to political parties is smaller. This does not mean, however, that there are no large individual donors. Large individual donors include the Quandt family (large BMW AG shareholders), who regularly and substantial donates to CDU. Paradoxically, between 2006–2012 the single largest contribution (€ 1 million) was received by the German Marxist-Leninist Party (MLPD). Although individuals donate large amounts of money and sometimes donate regularly, they are not as important donors as corporations.

Large donors are visible but do not dominate in the German system of financing of the political parties and election campaigns. Their relatively weak position is caused primarily by diversification of financing sources of political parties enabled by the Law on Political Parties and by the large membership in political parties. It is clear that the German political parties are not dependent on large donors. In contrast

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29 Ibidem.

to the French political parties, neither do they depend on the public funds. There are some similarities between German and British system of financing political parties, but the German parties spend much more.

3. Transparency of the British, French and German systems of financing election campaigns

The British system of financing political parties and election campaigns is not very transparent due to the fact that political parties have to inform the Electoral Commission only about contributions larger than £7,500, which means that a part of their income remains undisclosed. Moreover, using techniques such as bundling makes it possible to solicit large amounts of money in a manner that makes oversight difficult. Another feature of the British system of financing political parties is the lack of accounting standards common to all political parties and organisations. Therefore, both oversight over the political party financing and comparison between political parties are difficult. When accounting standards common to all political parties are introduced, it is not due to a new law but as an agreement between parties and the Electoral Commission, which makes compliance voluntary. The third reason why the British system of financing political parties is not very transparent is the fact that the political parties have very different structures, which makes estimation of financial transfers between local party organisations and central party difficult, as is the case with the membership dues. Some of the parliamentary parties use the same accounts as central parties, which further diminishes transparency. Last but not least, the Electoral Commission was created only in 2001; therefore, there are no long-term data. Taking all of the above into account, it is not surprising that “obtaining comprehensive and consistent data for the income and spending of political parties is not straightforward”31.

The French system of financing political parties and election campaigns differs substantially from the British solutions. First of all, candidates and political parties use common accounting standards as well as common standards for informing the National Commission for Campaign Accounts and Political Finances. In turn, the National Commission regularly publishes detailed reports on the finances of political

31 Committee on Standards in Public Life, op.cit., p. 33.
Financing Political Parties in France, Germany and the United Kingdom

In 2013 the French Parliament created the High Authority for Transparency of the Public Life (la Haute Autorité pour la transparence de la vie publique, HATVP), which replaced the Commission for Financial Transparency of the Political Life (La Commission pour la transparence financière de la vie politique) formed in 1988 when reforms of the system of financing political parties and election campaigns were being carried out (Law n° 88–227). The goal of the Authority is to limit corruption by examining whether any of the 8,000 public officials (ministers, members of the French and the European parliaments, important local elected officials and managers of public organisations) has not enriched him or herself abnormally while in office. The French laws regulating oversight on finances of political parties and private finances of public officials are much more restrictive than the British or German regulations. However, although the transparency of political finances may be greater than in the United Kingdom or Germany, it does not mean that the French have succeed in eliminating irregularities in financing political parties and election campaigns, as it seems that scandals with illegal financing of elections campaigns are a permanent feature of the French political life.

The transparency of the German system of financing political parties is based on the duty to inform in great detail the president of the Bundestag on the state of finances of the state and federal political parties. After receiving information, the president of the Bundestag publishes official reports on the state of finances of political parties. The accounting standards common to all the political parties are part of the Law on Political Parties. Therefore, the solutions adopted in Germany seem more similar to the French regulations than to the British ones. In Germany, as in the United Kingdom, donations below certain level do not need to be reported. However, in Germany the level below which contributions do not need to be reported is much lower than in the United Kingdom, which is why the transparency of the German system seems unaffected. The transparency of the German system of financing political parties is further augmented by obligation to inform the president of the Bundestag on large contributions received by a political party. At the same time the definition of a large contribution makes such donations and the need for passing the information a rather rare occurrence even for large parties. Transparency of all three systems of financing political parties (British, French and German) was augmented as a result

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34 Finances of political parties are regulated by parts V and VI of the Law on Political Parties.
of the development of the Internet, as it enabled quick dissemination of information from the oversight authorities to the media, citizens and watchdog organisations.

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The German system of financing political parties and election campaigns seems to be the most effective in terms of collecting contributions primarily due to the fact that the German law places no limits on the size of donations to political parties and introduces no limits on the expenditures. In France and United Kingdom, where the law placed limits on the expenditures of political parties for election campaigns, the amounts collected by political parties are much lower.

German and French political parties are less dependent on large donors for providing funds necessary for financing election campaigns and daily operations of political parties than the British ones, but for different reasons. The law that limits the possibilities of large donations to political parties is the primary reason for the dominance of public funds as a source of money for political parties in France. Although the Law on Political Parties forces political parties in Germany to seek both private and public funds, the regulation makes it impossible for a party to rely solely on public funds, while providing it with enough public money to reduce its dependency on large donors. The British political parties are the most dependent on large donors, even though the expenditure limits make the costs of running an election campaign lower than in Germany.

The level of transparency of finances of political parties in the three analysed systems is very different. In Germany and the United Kingdom it is possible to donate to a political party an amount so low that the party is not required to inform the oversight authorities about the donation. In France and in Germany political parties are required by law to follow common accounting standards, while in the United Kingdom political parties comply with common accounting standards voluntarily. Therefore, it seems that the British system of financing political parties is the least transparent, not to say the most outdated.

The final conclusion from the analysis of the British, French and German system of financing political parties is that only introducing limits on expenditures on election campaigns allows to keep the costs of election campaigns and political parties at a low level, while mandatory common accounting standards and public access to financial information is necessary to preserve transparency of finances of political parties.
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Financing Political Parties in France, Germany and The United Kingdom

The paper compares the systems of financing political parties in France, Germany and the UK. The analysis concentrates on effectiveness of collecting contributions, dependency on large donors for providing funds for financing election campaigns and daily operation of political parties, and the level of transparency of finances of political parties. The final conclusion is that only introducing limits on expenditures on election campaigns allows to keep the costs of election campaigns and political parties at a low level, while mandatory common accounting standards and public access to financial information is necessary to preserve transparency of finances of political parties.

Keywords: political parties, election campaigns, campaign finance, political money

Le financement des partis politiques en France, en Allemagne et au Royaume-Uni

Le document compare les systèmes de financement des partis politiques en France, en Allemagne et au Royaume-Uni. L’analyse se concentre sur l’efficacité de la collecte des cotisations, la dépendance sur les grands bailleurs de fonds pour les campagnes électorales, le fonctionnement quotidien des partis politiques et le niveau de transparence des finances des partis politiques. La conclusion finale est que seulement l’introduction des limites sur les dépenses des campagnes électorales permet de maintenir les coûts des campagnes électorales et des partis politiques à un niveau bas, alors que les normes comptables communes obligatoires et l’accès du public à l’information financière sont nécessaires pour préserver la transparence des finances des partis politiques.

Mots-clés: les partis politiques, les campagnes électorales, le financement des campagnes, l’argent politique
Финансирование политических партий во Франции, Германии и Великобритании

В статье сравниваются системы финансирования политических партий во Франции, Германии и Великобритании. Анализ концентрируется на эффективности сбора взносов, уровне зависимости от крупных доноров в области предоставления средств для финансирования избирательных кампаний и повседневной деятельности политических партий, а также на прозрачности финансов политических партий. Окончательный вывод заключается в том, что только введение ограничения расходов на избирательные кампании позволяет сохранить расходы избирательных кампаний и политических партий на низком уровне, а обязательные общие стандарты бухгалтерского учета и доступ общественности к финансовой информации необходим для сохранения прозрачности финансов политических партий.

Ключевые слова: политические партии, избирательные кампании, финансирование избирательной кампании, политические деньги