

Country Reports on Political Corruption and Party Financing

GERMANY

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INTRODUCTION

Cases of corruption have become so widespread and numerous in Germany in recent years that they prompted Hans Leyendecker, one of the most famous German investigative journalists, to write a book on this topic. His book on corruption in Germany, *Die Korruptionsfalle* ('The corruption trap') has been selling successfully since May 2003, indicating that there is legitimate concern about corruption. In the aftermath of the general elections in September 1998, the case involving the then former chancellor Helmut Kohl did most to raise awareness among the German population that corruption in the national political arena is not only a problem in the political systems of developing countries but also in the midst of their own community. Some politically active members of this community have been creative and persistent in circumventing the German party financing regulations, either for their personal benefit or to give their party a financial upgrade, which is of indirect personal benefit.

The current regulatory scheme for political party financing in Germany was shaped by two sets of actors. On the one hand, the parties made a combined legislative effort in the German parliament to secure sufficient financial resources for themselves. On the other hand, the German Constitutional Court (*Bundesverfassungsgericht*) played a role as guardian of the constitutional principles of post-war Germany.

During the Weimar Republic, when robust party financing regulation was effectively non-existent, the financial resources of leftist parties were largely from membership fees, whereas conservative parties had relied predominantly on donations. The Nazi party, even years before it gained power, was financed by very large donations from German heavy industry. This was not transparent and it also put other competing parties at a strong disadvantage.

The founding fathers of the West German Constitution after the Second World War intended to make the sources of party income more transparent and required all parties to account for the origin of their funds (article 21, paragraph 1, clause 4). Starting from this constitutional basis for transparency in party financing, parties chose several routes to obtain sufficient financial support.

In the 1950s the parties – especially those that relied heavily on donations and were often linked to special interests – founded associations for the sole purpose of collecting money in order to bypass the limits set in tax law. In 1954, the governing conservative party CDU changed the tax law so that donations to political parties amounting to a certain percentage of income or business volume became tax deductible (i.e. a relative limit for tax deductibility). However, in 1958 the

Constitutional Court ruled this taxation system unconstitutional on grounds that it led to inequalities. Individuals with high income benefited in two ways: from a tax rebate and from increased influence on political parties. Those parties that relied more on donations than membership fees also benefited more from this system.

Before donations could decrease dramatically following to the ruling, the parties in government in 1959 made a provision in the budget for special funds for 'political education', which were used to fund 100 per cent of the activities of all parties in the federal Parliament (*Bundestag*). These funds rose from DEM 5 million (€2.55 million) in 1959 to DEM 38 million (€19.4 million) in 1966. In 1966 the Constitutional Court ruled that the entire financing system of the parties was unconstitutional. It neither provided for equal opportunities for those parties that were not represented in Parliament nor did it allow sufficient independence of the parties from the state, as required by the system of fundamental rights. However, the court stated that state funding for the necessary costs of adequate election campaigns would be constitutional, if not obligatory.

Based on this ruling, the first statutory Party Law entered into force in 1967. For the first time, parties were required to disclose the amount and name and address of the source of all donations of more than DEM 20.000,00 (approx. €10,000) in a basic income report which had to be published annually in the Federal Reporter (*Bundesanzeiger*). The Law also provided for reimbursement of election campaign costs by public funds and tax deductibility for donations of less than DEM 600 (approx. €300) (i.e., for an absolute limit for tax deductibility). Up to 1967, no financial reports were published by the parties even though they were obliged to do so by the constitution. In the 1970s the parties relied more and more on external funding. The parties consistently suffered from low finances in the 1970s, however, which caused them to break new illegal grounds. The result was the first big corruption scandal in Germany, the *Flick* affair.

I. THE PROBLEM OF POLITICAL FINANCE SINCE 1980

1. The major corruption scandals

In the 1970s, there was a major corruption scandal in Germany involving all parties of the time. The *Flick* corporate group sold shares worth about 2 billion DEM (approx. €1 billion) and reinvested the revenue. The company applied to the German Ministry of Economy for tax exemption on the reinvestment, which was granted and described as 'economically highly eligible'. At the same time, the then governing liberal party (FDP) received generous donations via the economy ministers Otto Graf Lambsdorff and Hans Friedrich. In the beginning of the 1980s investigations began and both liberal ministers and Flick manager Eberhard von Brauchitsch were charged with bribery and tax evasion. In the course of the criminal investigations it was found out that all parties had received large amounts of money from the steel industry, through civil associations acting as collecting agencies. Politicians were made to appear in front of a Committee of Inquiry set up by the German parliament. The then newly elected chancellor Helmut Kohl lost himself in contradictory statements, first admitting and later denying knowledge of the civil associations that were channelling the money transfers. The climax was reached in May 1984 when the then governing coalition between the Christian Democrats (CDU) and the FDP tried to grant amnesty

to donors and party officials. This was stopped by a public outcry, but most of those involved managed to keep their status as 'honourable' men. Eventually, the president of the German parliament Rainer Barzel and Otto Graf Lambsdorff resigned. Lambsdorff, Friedrich and von Brauchitsch were convicted for tax evasion.

Some time elapsed before the next scandal hit, but the persons involved seem – at least partially – to have been the same. The scandals emerged after an accidental tip off in 1998 by the former Federal cashier of the CDU in trying to clear himself of a tax-evasion charge involving a 500,000 euro transfer from a business source. He claimed that he had passed the sum on to the CDU, which had not accounted for it in its report to the president to the German parliament. Dr. Helmut Kohl, who had lost his chancellorship in elections in 1998, admitted that he had collected donations amounting to more than 1 million euros over many years. He claimed that he had used the money to support party units that were in financial trouble. The public generally accepted that Kohl had not cashed in funds for private purposes but used them to support his control of the party.

The scandal became seriously damaging for the CDU when Kohl refused to disclose the sources of the donations received. He claimed, as he continues to do, that he had given his word of honour to the contributors not to disclose the names. A parliamentary committee in charge of investigating the case ruled (in line with the vote of the majority party) that this was highly unlikely and was used by Kohl as a pretext to hide business sources of the funds. There were public speculations about connections to a tank deal with Saudi Arabia and a major subsidy granted to ELF Aquitaine, a French company, both allegedly involving huge amounts of bribes. None of this could be proven and, in line with the legislation on party funding, the legal case against Kohl was dropped.

As the scandal unfolded, destroying the career of other leading personalities in the CDU, an unrelated scandal surrounded the CDU of the federal state of Hesse. The party had hidden €8 million in foreign bank accounts. The money was raised via illegal funding methods that had been outlawed quite a number of years ago and was used to support campaigns. These funds were not made transparent to the president of the parliament. As a result of this failure, plus the € 1 million received by Kohl, the CDU was fined more than €21 million, which is a staggering amount in view of the budgets of German parties. At the moment, the CDU is appealing against this fine by bringing the case to the constitutional court.

Early in 2002 the governing SPD was hit by the 'Cologne-Scandal', which was wrongly perceived by the public to be another case of violating party funding legislation. It was, in fact, predominantly a case of bribery. Four hundred million euros were spent on a facility to burn garbage that was oversized and unnecessary to begin with and overpriced when finished. Allegedly € 4 million was paid to agents for them to bribe officials with. Five of the officials are currently facing trial. The element relevant to political party financing is that after the deal was struck, € 400,000 were passed on as a 'thank you' donation to the Cologne SPD. This sum was cleared by breaking it down into small donations, supposedly from party members.

Some months prior to the federal general elections of September 2002, the chairman of the liberal party (FDP) in North Rhine-Westphalia, Jürgen Möllemann, sent flyers

to households in North Rhine-Westphalia as part of his general election campaign. How the costs of these flyers (just mailing them caused expenses of € 840,000) were covered was unclear. It turned out that Möllemann had opened a bank account to which the exact amount required to meet the costs had been transferred. The transfer happened in small portions between €1,000 and €8,500 from apparently fake donors. The suspicion is that, in violation of § 31d of the Party Law, donations were split in order to hide the true donor was just the tip of the iceberg, as further revelations about dubious finances ensued. Criminal investigations came to an abrupt end when Möllemann died in an apparently suicidal act in June 2003. The FDP avoided a fine under the Party Law by repaying the € 840,000 to the administration of the German parliament.

2. The major changes in legislation on political finance

Legislation on political finance has changed several times.

In **1983**, political parties were put on a par with friendly societies so that, as in the period 1954 to 1957, fees and donations up to 5 per cent of the (annual) income and 0.2 per cent of revenue is tax deductible (i.e., again a relative limit of tax deductibility). An expert commission emphasised the importance of donations besides membership fees and public funding in order to secure sufficient funding. Aware that fostering the role of donations would have implications for the financial balance between the parties, the law provided for public subsidies which are meant to compensate parties that do not benefit from the new tax regulations to the same extent as others. As for transparency, after the amendments to the constitution, parties were required not only to account for the origin but also for the use made of the funds (i.e., their expenses). Further, parties had to present their budgets every year to the office of the president of the Bundestag who had to check whether all contributions above DEM 20,000 (€10,213) were openly declared.

In **1988**, the limit on donations being tax deductible was fixed (and lowered) to DEM 60,000 while the limit for openly declaring the amount as well as the name and address of the source was raised to DEM 40,000. Thus, major donors who care about their anonymity got a trade off for losing some of their tax privilege.

The current regime has at its core the Party Law in revised form from **1994** (Revised Form of the Party Law from 31 January 1994, BGBl. I S. 149) and was developed by the Supreme Court, two presidential commissions of experts on party financing and party treasurers. The Supreme Court in 1992 (BVerfGE 85, 264) repealed its 1966 ruling on public funding, but returned to its 1958 ruling on tax benefits. The subsequently revised party law became effective on 1 January 1994 and contains a combination of the Canadian tax credit, the US matching funds, and the continental European flat grant. As for public funding, the practise of reimbursing election campaign costs was replaced by general annual public funding. A new assessment basis for granting funds was defined and takes into consideration the number of electoral votes received as well as the willingness of the population to give financial support to a particular party from its private sources. For each DEM of donation or membership fee, parties receive up to 0.50 DEM from the treasury. With regards to tax deductibility, the Court emphasised that in order to safeguard the spirit of the

constitution, equal benefit should be secured for the majority of the population. In consequence, the sum of donations that are tax deductible was lowered to DEM 6,000 (DEM 12,000 for married persons). In order to restrict the influence of major donors, tax deductibility for donations of legal persons was abolished and the limit for donations whose amount and source are subject to public disclosure/declaration by parties was lowered to DEM 20,000 (as it was originally in 1967).

The latest amendments made to the party law in summer 2002 (8th Amendment to the Party Law from 28 June 2002, BGBl. I S. 2268) concerned party budgets and the demand for true and complete annual reports, in accordance with generally accepted accounting standards. The law also regulates funding for parties from public sources and establishes an absolute maximum for public funds of € 133 million. It defines a formula for allocating public funding to parties which have gained at least 0.5/1 per cent in specified elections. A limit of €1,000 is set for cash donations. For donations exceeding €10,000 donors have to be exposed to the public. The splitting of large donations into parts below €10,000 from the same holding, but different companies or donors, is strictly forbidden. Foreign donations are excluded. Donation of more than €50,000 have to be declared to the president of the Bundestag immediately; anonymous donations over €500 and donations by public enterprises are forbidden. Donations made directly to a person have to be forwarded to the person responsible for party finances. Stipulations on what to do with 'illegal' money are also made in the law – it must be either returned immediately or given to the president of the Bundestag who must ensure that it is used for benevolent. The financial report has to be submitted before the end of the following calendar year. Sanctions for reporting falsely, such as exclusion from further funding, fines and even prison terms, can be avoided if a wrong or incomplete report is corrected before the end of the second year. In addition to these sanctions, errors in reporting leads to fines of three times the amount that was falsely disclosed or omitted.

In September 2002 the by-laws of the German Parliament (*Geschäftsordnung des Deutschen Bundestages*) were amended after a financially rewarding contract between former German defence minister Rudolf Scharping and the PR agency Hunzinger became publicly known. According to Annex 1 of the by-laws (*Geschäftsordnung des Deutschen Bundestages* in the version of the publication from 2 July 1980, BGBl. I S. 1237, amended on 17 September 2002, BGBl. I S. 3759), elected members of the Bundestag have to declare any additional private business to the president of the Bundestag, as well as resulting income worth more than a minimum established by the president of the Bundestag. There are no sanctions, however, if this requirement is not met and no legal body to scrutinise the declarations.

3. Major court decisions since 1995

As mentioned above, illegal funds, mostly from Swiss and Lichtenstein bank accounts, had been funnelled into the accounts of the Hessian CDU party for years. The party cashier claimed that the money originated from endowments from Latin American Jews. This money was largely used by the CDU to finance the Hessian state election campaigns. The opposition challenged the elections of 7 February 1999 which were won by the CDU in the state courts. The courts eventually ruled that while the money was illegal there were insufficient grounds to annul the elections (see decision of the Hessen State Supreme Court from 13 February 2002, Akz P.St. 1633).

In 2000, the President of the German parliament, Wolfgang Thierse, imposed a fine of DEM 41 million (approx. €20 million) on the CDU because the federal CDU party had failed to declare in the annual basic income report of 1998 DEM 18 million (approx. €9 million) of income held in Swiss bank accounts corresponding to the CDU party in Hessen. In February 2001 the lower Administrative Court in Berlin repealed the fine. The court ruled that the parties were only obliged to provide a basic income report that was “formal and in on time”. The provision of the Party Law applied in this case did not state clearly that a basic income report also needed to be correct. However, the Appellate Court, the Higher Administrative Court of Berlin (*Oberverwaltungsgericht Berlin*), ruled in June 2002 that the Party Law also requires a correct basic income report. As the Federal Administrative Court (*Bundesverwaltungsgericht*) has dismissed an application for a final revision of this finding for formal reasons (AZ BVerwG 6 B 68.02), the fine became legally binding on the CDU.

The Kohl affair of 1998, in particular his decision not to reveal the identities of his donors, was the subject of criminal investigations. At the core of the case was accusations of embezzlement, filed at the Criminal Court of Bonn (*Landgericht Bonn*). The application of a dubious provision in the Law on Criminal Proceedings (*Strafprozessordnung – StPO*) by the local Public Prosecutor’s Office helped Helmut Kohl to escape a criminal conviction. It also shattered the belief of Germans in the legal ethics of their prosecutorial and judicial authorities. In May 2001, the Public Prosecutor’s Office applied § 153a at StPO and decided – with the agreement of the criminal court – to stop the investigations in return for a payment of DEM 300.000 (approx. €150,000) by Helmut Kohl.

In January 2004, the President of the German parliament, Wolfgang Thierse, imposed another fine of 768,000 euro on the SPD because of a scandal on party financing in Wuppertal, North Rhine-Westphalia. The SPD objected against the fine and the decision is still open.

4. The public debate

For a long time, political corruption dominated the public debate on corruption. The debate hid rather than disclosed the reality of corruption in Germany. While violating party funding rules had been an issue for decades and had been repeatedly dealt with, the public turned a deaf ear to administrative corruption and corruption abroad. Only with the Cologne scandal, originally also seen primarily as a party funding scandal, this is changing. Corruption has hit home for many Germans and the sensitivity to it is rising. We are still waiting for a major law suit on corruption abroad to deliver the same result.

In cases of political corruption the media were also heavily involved in investigating and reporting. As a result of various scandals, the President of the Federal Republic established a Commission of experts to review the question of how to reform political party financing. TI Germany was the major voice outside of this commission raising the issue, and its recommendations were considered but not exactly followed. In a press release TI Germany expressed its disappointment with the incomplete reform,

which fell short of the desired transparency by allowing relatively large individual donations.

II. TRANSPARENCY

1. Parties' and candidates' reports on finance

Parties have to give a complete report on their finances at the end of every fiscal year to the office of the president of the federal Parliament (*Bundestag*). It has to include:

- income
- expenditures
- assets
- contributions and donations up to DEM 6,000 (€3,064) by natural and legal persons
- number of party members at the end of the year
- index of donors (by name if the donation during the financial year has exceeded €10,000.)

Income includes membership fees, donations from natural and legal persons, income from business activities and shares, income from other assets, income from events, sale of publications and other activities resulting in income, state funds, and other incomes. Expenditures include spending on staff and *Sachausgaben* (including expenditures for daily work, general political work, election campaigns, *Vermögensverwaltung*, interests). Assets are divided into ownership items, debt items and *Reinvermögen*. Ownership items include invested capital like *Sachanlagen* (houses and plots of land, bureau equipment) and *Finanzanlagen* (shares in businesses and other) and *Umlaufvermögen* (claims, stock of money etc.). Debt items cover reserve funds and liabilities against credit institutions, natural persons and others.

The financial reports include a list of income, expenditure, assets (*Umlaufvermögen* and *Anlagevermögen*) and debts (liabilities and reserve funds) of every regional committee (*Landesvorstand*) of the party, as well as donations, membership fees and public money of the committees. The reports provide a very detailed and complete overview of the financial situation of the parties.

No information is required about expenditures of private resources, however; only the source is mentioned. The report includes only information about expenditure for general political work and electoral campaigns.

Candidates do not have to report on their finances.

2. Access to reports

The office of the president of the Parliament (*Bundestag*) publishes the reports handed to it as federal government publications (*Bundesdrucksache*). They can also be found on the homepages of the *Bundestag* and of the big parties, i.e. the parties represented in the *Bundestag* (SPD, CDU, CSU, Bündnis 90/Die Grünen, PDS, FDP).

The *Bundestag* publishes the amount of public money granted to each party on the Internet, which is more accessible to the public than the official gazette

(*Bundesdrucksache*). This includes a detailed list of the calculations on which the grant is based. The *Bundestag* recently published a list comparing income and expenditures of the parties represented in the *Bundestag* and six of the smaller parties from 1990 to 2000.

Bündnis 90/Die Grünen also publish their budget, campaign budget and their latest financial report voluntarily on the Internet.

3. Published sources and amounts of donations to parties/campaigns

The sources of donations and contributions that exceed €10,000 per donor and year have to be published with the name of the source in the annual financial report. Donations exceeding €50,000 must be immediately reported to the president of the *Bundestag* (*Bundestagspräsident*). It is illegal to split donations.

4. Declaration of assets

Assets do not have to be declared. Other sources of income only have to be declared if they could create conflicts of interest. They have to be published in the parliamentary handbook (*Bundestagshandbuch*). There are no sanctions for failing to declare them.

III. FINANCE

1. Donations

a) Limits on individual donations to candidates or political parties

There are no limits set on individual donations to political parties. Donations to candidates, however, are forbidden (§31d PartG). Donations to individual members of the party have to be made to the responsible person on the Board of Directors for finances. It is illegal to accept donations in cash of more than €1,000. However, donations in cash below €1,000 are not classified as unlawful. They can still be accepted without any sanctions.

There is an ongoing debate about restricting the amount of money that an individual can donate. The PDS proposed to restrict donations to DEM 30,000 (€15,319) per person per year. TI Germany proposed to restrict donations to DEM 100.000 (€51,065) per year. So far there has been no agreement about restricting the amount of donations.

a) Limits on corporate donations to candidates or political parties

Political parties are not allowed to accept donations from:

- state-run companies
- bodies incorporated under public law, parliamentary coalitions and groups
- political foundations
- donations exceeding €500, whose donor is not identified in writing
- donations that are obviously given to the party in expectation of an economic or political advantage

c) Legislation and/or court decisions on lobbying or trading in influence

There are neither laws nor court decisions on lobbying or trading in influence. It is a criminal offence to sell or buy votes.

2. Public Finance and Media

a) Direct subsidies to parties

The proportion of public contributions to party finances is approximately 30–50 per cent and has been stable since the 1980s. The state allocates subsidies to political parties, which:

- i) are parties in the sense of the Party Law §2,
- ii) received at least 0.5 per cent in the last European or federal election or 1 per cent in a federal state election or more than 10 per cent in a constituency.
- iii) submitted the financial report in time, and
- iv) applied for state subsidies.

The state gives direct subsidies to all political parties according to their “success” in the elections. Direct subsidies cannot exceed the amount of the total other income of the party (relative limit of state contribution). The state gives no more than €133 million to all parties together: this is the absolute limit on state contributions. The amount of all contributions to all parties must not exceed the amount distributed in the past. The allocation of state subsidies depends on the results of the election, membership fees and the donations made to each party.

After a Federal election each party receives:

- 1) €0.70 for each valid vote for the particular list
- 2) €0.70 for each valid vote in a constituency, if the list for this party was not accepted in one federal state
- 3) €0.38 euros for each euro the party received as a contribution (membership fees or legitimate donation). Only contributions up to €3,300 per person are considered for this purpose.

Furthermore, each party receives €0.85 per valid vote up to the amount of 4 million valid votes. After an election to the parliament of a federal state (*Land*), the political parties receive €0.50 for each valid vote.

a) Indirect subsidies to parties

The State gives indirect subsidies to political parties. It grants tax relief for donations and membership fees. Tax relief for contributions made by natural persons to political parties is limited to €1,650 per person and to €3,300 for spouses (*Zusammenveranlagung*).

Free telephone and free postage are not provided by the state.

State money also goes to the parliamentary groups to support their parliamentary work. Finally, state money goes to party-related political foundations (Konrad-Adenauer-Stiftung, Friedrich-Ebert-Stiftung, Friedrich-Naumann-Stiftung, Hanns-Seidel-Stiftung, Heinrich -Böll-Stiftung) for political education.

b) Media space and state subsidies

The state provides free airtime on public radio and television for all parties, beginning one month before the election. As with direct state subsidies, the allocated time depends on the results of the election. Public broadcasting corporations must put free media time at the political party's disposal for election advertisements. This applies to local elections, elections to the parliaments of the 16 federal states, federal elections and European elections. The political party only needs to cover the production costs. Public stations can only refuse broadcasting advertisements on grounds of indecent or offensive content.

The value of free media space for election advertisements of the political parties during the federal elections 2002 in the two public television stations (from 8 pm to 11 pm) has been calculated at €8.2 million. This calculation does not include all election adverts in public media. Political parties can advertise in private media, too. Space in private print media is not free of charge, but less expensive than business adverts. Time in private broadcasting media is allocated according to the importance of the party and cannot be bought. Expenditures of German political parties for media space are comparatively low.

Allocation of media space

The benefits of direct and indirect state subsidies are provided for all political parties, but not on an equal basis. The subsidies are given according to the importance of the political party.

Free media time is allocated to the parties as follows:

- The party that received the most votes in the last comparable election will be provided the greatest possible allocation of time.
- Parties with less than 5 per cent lower than the biggest party will receive the same amount of free media time.
- Political parties with enough elected representatives to form a "Fraktion" (officially recognised party caucus) are allocated half of the time of the biggest party.
- All other parties get one quarter of the time, but at least 30 seconds.

Election advertisement has to be placed separately from other advertisement.

Political independence of media

There are no legal provisions requiring political independence of the media, not even during election periods. Public media are politically independent and are allowed to reject election adverts that contain racist elements or offend the religious, moral or ideological beliefs of certain groups. Most private media have a slight tendency to one side or another, but they have to be fair in reporting and have to allow equal access to advertisement space, such that adverts from 'the other side' can even be found in some party owned media.

Concentration in the media

Concentration in the media is a problem in private radio, television and print media. Private media are allowed to promote a certain party or candidate on their own account.

c) Provisions against the influencing of elections through abuse of power and government resources

Government (and generally public) resources may not be used for election campaign purposes or any activities related to a party except from funds that are allocated to parties under the provisions mentioned above.

3. Limits on Expenditure

Limits on party/candidate expenditure

There are no limits on party/candidate expenditure established by law.

IV. OVERSIGHT, SANCTIONS AND ENFORCEMENT

1. Oversight institutions

The president of the *Bundestag* exercises oversight over political finance. Although he belongs to a political party, he is obliged to be neutral in the administration of his office. It might, however, be suspected that his office may favour the interests of the parties more than of the public. It is an independent institution, which can start investigations on its own and can impose criminal sanctions. These sanctions include fines and prison sentences of up to three years. If the financial report includes contributions that have been accepted unlawfully by the party and which have not

been notified to the president of the *Bundestag*, a fine of three-times the amount of the relevant donation will be imposed. If donations are not published correctly in the financial report, a fine of double the amount of the actual donation is imposed. Dividing donations into smaller amounts is illegal. The president of the *Bundestag* allocates the fines received to charitable, religious or scientific institutions.

Terms of imprisonment for serious offences can be imposed, if the origin and use of money of the party is hidden. As the law is still very recent, no sentences have been imposed yet.

If state contributions have been calculated at too high a rate due to mistakes in the financial report of the party, the money has to be paid back.

2. Independence of prosecutors and judges

Judges are independent in dealing with cases of corruption in Germany; prosecutors are not. In practice, judges do seem to show a lot of political ‘sensitivity’ and prosecutors even have to follow instructions from the justice administration. Such instructions are extremely rare, but it is precisely in the area of political corruption where they have occasionally been observed. Of course, the actions of the prosecutors are crucial in cases of corruption.

V. CONCLUSION

Corruption involving elected politicians has been a well-known phenomenon in Germany since the last century. While real scandals have attracted attention throughout the history of the Federal Republic, minor incidences involving politicians have resulted in more publicity and more drastic consequences in recent years. This reflects the increased sensitivity of the public towards corruption. In recent times, especially with the 8th Law Amending the Party Law, much has been done in Germany to make party financing more transparent. Party financing laws alone cannot respond to the growing scepticism of the public with respect to parties and elected representatives of people, however. In Germany, the powerful role of the parties invites public scrutiny. Parties, through their MPs, cannot be left to set standards for themselves. When it comes to regulating party finances MPs tend to find themselves taking decisions that are self-serving. In addition to the legal institutions and auditors described above, in Germany as in many other countries, civil society needs to take an interest in monitoring party financing and party effectiveness, respecting rights and limitations established by the constitution. The media has to continue to scrutinise the financial behaviour of individual politicians. This, as the history of party funding proves, is also a prerequisite for the basic political right of equal opportunity – not only for parties but also for voters – and a prime instrument to curb illicit peddling of influence and political corruption.

SOURCE MATERIAL

The internet site of the Bundestag: www.bundestag.de

The Party Law

8th Law to the Amendment of the Party Law

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