

University of Economics, Prague
International Business – Central European Business Realities



**Financing Political Parties in Germany – the Case of
Political Foundations**

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Declaration:

I hereby declare that I am the sole author of the thesis entitled “Financing Political Parties in Germany – the Case of Political Foundations“. I duly marked out all quotations. The literature and sources used are in the attached list of references.

In Prague on 13th May 2016

Signature of the student

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1 Introduction

1.1 General Description of the Topic

The modern political system is a complex structure in Germany. The current parliamentary democracy has developed over decades and is the result of a long process of development. Germany has experienced the fascist dictatorship of the Third Reich, the division of its land and people because of the Cold War and reunification after the fall of the Iron Curtain. Germany has transformed itself from a totally destroyed and unstable country after the Second World War to a stable democratic and wealthy state. At present, the political system is still highly influenced by its past and challenges at present and in the future.

Currently, Germany plays a major role in the European Union and in the integration process of a unified Europe. Guilty of provoking two world wars, Germany has a special responsibility for a peaceful European continent. For that reason, European integration is one of the major projects of the German government. Nevertheless, the current “refugee crisis” and “Greek crisis” are examples that the German role is not seen positively everywhere, but remains rather controversial in an international context. Modern German politics has to be viewed in this context.

In consideration of the upcoming challenges which the European continent is facing, and Germany’s extraordinary history, the thesis is taking a closer look at the German political system. On the one hand, Germany proclaims a role of leadership in the European Union and decisions made in Berlin have an impact in the whole of Europe. On the other hand, German politics is fragile in terms of non-democratic influence.

Although Germany is a parliamentary democracy, the influence of political foundations, non-governmental organizations (NGOs) and lobbying in general is still very strong in German politics. The thesis will try to provide an answer regarding the compatibility of democracy and the influence of money in politics. However, a new phenomenon of modern democracies is that more and more people no longer feel represented with the result that they stop voting. Everywhere in Europe, and Germany in particular, people are losing interest in politics and are starting to distrust politicians and political parties. There are various reasons for this development but non-parliamentary influence, lobbying and corruption are definitely playing a major role.

Furthermore, political parties in Germany have built up over time their own obscure system of financing their political activities. It is still very difficult to get a complete overview about the party financing system in Germany. Thus, there is still need for further research in this field of studies. In particular, the role of political foundations, which are an integral part of the most powerful German parties, is not well understood by the public.

1.2 Goals and Objectives of the Thesis

The German political system is highly dependent on donations from companies or private persons. Although, political parties are supposed to be a democratic instrument and should operate on a non-profit basis, it is getting more and more unclear if political parties are still representing the interests of their voters or just the interests of a few individuals or companies. One of the main objectives of the thesis is to show the inconsistency between money and democracy.

Furthermore, the thesis analyzes the role of political parties and especially their foundations. The thesis provides some theoretical background about the role and function of political parties. It will also deal with the issue of party financing and show the weaknesses of the German political system. Another main aspect of the thesis is to comment on the role of political foundations.

Thus, the goal of the thesis is to analyze the current German political situation in terms of party financing. In particular, the special role that political foundations play in this connection and what influence they have on German political parties, decision makers and German politics in general, shall be examined. Obviously, political foundations are playing an important in party financing and some of them are even operating internationally. Exactly what role they play is still not well known by the German public and many reports related to this topic do not exist.

Despite the fact that there are many rules and regulations for party financing in Germany, loopholes exist. One of the main concerns of the thesis will consequently be on corruption and lobbying in the German political system.

The following questions occur in the thesis:

- How does the German political system function?

- How do political parties finance their campaigns?
- What are political foundations and how are they connected to political parties in Germany? What is their mission?
- What are main activities of political foundations in Germany?
- Do political foundations offer opportunities for corruption and lobbying?
- Are political foundations a threat to democracy?

The last objective of the thesis is to find room for improvement in the German political system. There are several suggestions from several NGOs (e.g. Transparency International) to make the political system less susceptible to influence from outside.

1.3 Structure of the Thesis

The first part of the thesis is the theoretical part. The theoretical chapter of the thesis will provide some general knowledge about party financing and parties in general. A major focus will be on political parties and how they function - beginning with a definition, what a political party actually is and which role they are supposed to play in a democracy. Afterwards, the theoretical chapter will mainly focus on party financing. It will explain what party financing exactly is, why parties need financial support and how it does work in practice.

The next chapter is about how German political parties are financing themselves. The chapter starts with general explanation about rules, regulations and laws for party financing and will then go into detail by analyzing the German political system in terms of party financing. Furthermore, the chapter provides basic information about every important German political party. It explains their political positioning (conservative, progressive or liberal), summarizes the history of the parties (after the Second World War) and includes a subchapter with the most important politicians or chancellors. The last part of the chapter will contain an overview of the current political situation in Germany.

After the analysis of the most important German political parties, the political foundations of the parties are part of the thesis. Every big German political party has its own political foundation. The chapter starts with a definition of political foundations and their role and function in the German democracy. The next step is to analyze the most important political foundations in terms of their mission, financing, cooperation with other organizations

and their activities abroad. This part will establish a connection between financing, corruption and lobbying. How do these topics relate to each other? Is party financing already corrupt? Can companies or private persons use party financing to influence political decision? This chapter will also include some examples for criticism and discussion.

The last chapter summarizes the previous chapters and determines if party financing in general is a threat to democracy and if political foundations are necessary for a functional democracy. Another point will focus on other political systems – are there any alternatives? Why is the current political system so successful? Can something like a “perfect democracy” even exist? How would a political system without lobbying, corruption and non-governmental influence look and what is necessary to accomplish this condition? Thus, the last part of the chapter is about suggestions for improvement of the German political system. It contains personal suggestions as well as suggestions from NGOs like Transparency International or Lobby Control.

1.4 Methodology of the Thesis

Theoretical background is the first main chapter of the thesis. This chapter explains what a party exactly is and which function it has in a democracy. Furthermore, the chapter focuses on party financing. A major source for this part is work of Hopkin, J. (2004) *The Problem with Party Finance: Theoretical Perspectives on the Funding of Party Politics*. Hopkin introduces several different theories of party financing like “Party Finance and the Logic of Collective Action” or “Party Financial in a Free-Riding Society.” The article also criticizes corruption scandals in Western politics and recognizes the decreasing interest of citizens in politics.

The next chapter is about German political parties and their historical background. The research begins by checking the current internet websites of the most important political parties in Germany. All parties provide the most important information about their history, goals and political positioning on their websites. For example, the SPD (Sozialdemokratische Partei Deutschland) or social democrats have their own website (www.spd.de) with all relevant data for this thesis. Other important aspects in this chapter are rules, regulations and laws for party funding and financing in Germany. This information is also available online and the latest versions can be seen at the website (www.bpb.de) of the Bundeszentrale für politische Bildung (bpb).

The next chapter focuses on the political foundations. The chapter starts with a definition of political foundations and what function they have in a democracy. In 2011, all-important German political foundations published a document with the name “*Die Bildungsarbeit der politischen Stiftungen in Deutschland*” which is mainly describing how political foundations interpret their own political work. The Bundeszentrale für politische Bildung (bpb) is, in this case again, a source for a first overview about the function of political foundations. Afterwards, each political foundation is analyzed in depth, including its funding, mission and financing. Additionally, their cooperation with other foundations and other organizations and their activities abroad are also part of the thesis. Usually, all political foundations provide this information on their website, the Konrad-Adenauer-Stiftung (www.kas.de) for example. One of the main sources in this chapter is literature from Heisterkamp, U. (2014) *Think Tanks der Parteien? Eine vergleichende Analyse der deutschen politischen Stiftungen*. Heisterkamp gives a comprehensive understanding about the work of political foundations in Germany. Based on his work, it is possible to develop new models of political foundations and to develop a political system that is less susceptible to lobbying or corruption. The last part of this chapter deals with criticisms and controversies of the political foundations.

The final chapter goes much deeper into the problems of political foundations in terms of corruption or lobbying. This chapter explains the general problem of political foundations and asks the questions if they are necessary for democracy. Many newspapers or journalists have previously done research related to this topic and published their results. For instance, the German online journals Welt in *Das Kartell der Staatsplünderer* (2014), Deutschlandfunk in *Die Steuermillionen für politische Stiftungen* (2015) and Wirtschaftswoche in *Parteinahe Stiftungen bekommen weiter Geld* (2015) reported about suspicious methods used to acquire money from German taxpayers for political foundations. All these articles show the inconsistency between money and democracy and are for that reason relevant to this thesis. Another main source is the annual report from Lobby Control *Jahresbericht 2014 Unser Engagement für Transparenz und Demokratie*. Lobby Control is a German NGO with the goal to bring more transparency into the democratic system. Furthermore, Lobby Control annually analyzes the German political system in detail and suggests in its annual reports methods for more transparency and democracy.

2 Theoretical Background – Party Financing

2.1 What is a Political Party?

2.1.1 Definition and Function

A political party is a group of people who want to organize a certain political movement in order to gain political control. The party system now common in the Western world (U.S. and Europe) has its origins in the 19th century. Since that time, representative democracy has given the people the power to elect their own parliament. A political party can gain its power by elections or revolution. (Duverger, M. 2016)

Before parliamentary democracy was developed, aristocratic and monarchical regimes were the most common form of political systems. The political power was concentrated among particular noblemen and their closest circles and factions. In the beginning of parliamentary democracy, the situation of limited access to political participation for most parts of the population did not change. The early parliamentary regimes consisted mostly of elite classes and individuals. On one hand were regimes supported by princes, dukes, counts or marquesses; on the other hand were regimes supported by businessmen, bankers, merchants and industrialists. During the 19th century, this “elite-ism” transformed in the U.S. and Europe into a more populist system which involved the masses in the political process of participation. (Duverger, M. 2016)

In the 20th century, the system of the parliamentary democracy and political parties spread all over the world, however the system can be sometimes completely differently interpreted in developing countries where traditional relationships such as ethnic, tribal, or religious affiliations play a more important role within the civil society. Furthermore, in some developing countries political parties are closely connected to the military, as was the case with some communist or socialist parties in Europe. (Duverger, M. 2016)

Originally, political parties developed in the 19th century were established for the purpose of a liberal democracy. Nevertheless, numerous totalitarian regimes used a single political party system to establish their dictatorships in the 20th century. (Duverger, M. 2016)

2.1.2 Types of Political Parties

There are two different forms of parties: cadre parties and mass-based parties. Especially in Western Europe, the two types often coexist in the same political system such as communist or socialist parties alongside conservative or liberal parties. In many cases, parties combine characteristics from both types. (Duverger, M. 2016)

2.1.2.1 Cadre Parties

A cadre party is a party mainly dominated by groups of elites. This model developed in the 19th century in the U.S. and Europe. The suffrage was highly restricted to taxpayers and owners of property. The mass of people had no opportunity to participate in the political process even when they had the right to vote. (Duverger, M. 2016)

The cadre parties of the 19th century consisted of two different classes: the bourgeoisie and the aristocracy. While members of the bourgeoisie were industrialists, merchants, tradesmen, bankers, financiers and professional people, the aristocracy class was composed of landowners. Both political groups followed their own ideology. The bourgeoisie ideology was liberal and based on the writings of English philosopher John Locke in the 17th century. One century later in the 18th century, French philosophers were claiming the right of formal legal equality and the acceptance of the inequities of circumstance. The goal of the bourgeoisie was to destroy the extraordinary rights of the aristocracy by eliminating the lingering economic restraints of feudalism and mercantilism. The intent of bourgeois classical liberalism was to guarantee equality and the same rights to all people. Nevertheless, the conservative ideology, which was highly connected with the interests of the aristocracy, maintained its strong positioning among people, because it was justified as the expression of the will of God. For that reason, in many Roman Catholic countries the conservative parties were also the clerical parties, like in France or Italy, for instance. (Duverger, M. 2016)

Liberal and conservative parties dominated the 19th century in Europe. During that period, the European continent suffered many economic and social crises. Thus, the party system was also completely different in comparison to modern democracies. Political parties were not always peaceful organizations and once in charge, the leaders of political parties used the army or police for their own purposes. Furthermore, the structure of political parties was also different. Every local committee attained basic autonomy and each legislator a high

level of independence. The party influence on voting was established by British parties and spread over to the European continent. (Duverger, M. 2016)

The party systems in Europe and in the U.S. were just slightly different. Many parties consisted of many regional and local organizations. Therefore, it was still very problematic for the mass to participate in a political party. Direct membership in a party was not possible but rather came from membership in an affiliated body, such as a trade union. Consequently, trade unions and left-wing intellectuals constituted the British Labour Party. It was a model of direct membership in 1918 and allowed not only highly political individuals, but also the working class to be part of political parties. (Durverger, M. 2016)

2.1.2.2 Mass-based Parties

While cadre parties are for small numbers of people or elitist groups, mass-based parties are completely the contrary. Mass-based parties try to attract hundreds of thousands followers. However, the number of followers is not the only characteristic of a mass-based party. A mass-based party wants to base itself on an appeal to the masses. In comparison to cadre parties, mass-based parties attempt to get not only influential or well-known persons who represent a certain interest group, but also all citizens who are all willing to be part of the political party process. (Duverger, M. 2016)

In the 19th century, European socialist parties started to focus on the masses. The social class of laborers and wage earners increased continuously as did their share of the population. Thus, this segment of voters became more and more politically important after the extension of suffrage. Membership campaigns attracted new party members and each member contributed to the party's dues. The increasing number of party members changed the perception of the organization in society and made it possible to diffuse ideas among the general society. This was exemplified by the German Social Democratic Party which had in 1913 over one million members. (Duverger, M. 2016)

Because of that, these organizations were strictly structured. The mass-based party needed an exact registration of membership, a treasurer to collect dues and a secretary to call and lead local meetings. Furthermore, a hierarchical framework for the coordination of the thousands of local offices was required. The party members participated in strikes and other union activities, and developed a tradition of collective action and group discipline. (Duverger, M. 2016)

In general, the organization of the party was very complex. Therefore, the party delegated a great deal of influence to certain members within the organization on different hierarchical levels. This procedure leads to the development of oligarchical tendencies. Consequently, the socialist parties implemented elections for every responsible position within the party. Every member of the party could elect delegates from local groups to regional or national congresses. At the national congress, party candidates and leaders were chosen and the program or platform for the party's goals was decided. (Duverger, M. 2016)

Another form of mass-based parties was communist and fascist parties in the 20th century. Both models were based on ideology of a high level of participation for its party members but transformed into dictatorships with few rights for party members. Furthermore, some European cadre-type parties, conservative as well as liberal, attempted to implement a mass-based party approach, but were usually unsuccessful in establishing rigid and disciplined organizations. (Duverger, M. 2016)

2.1.3 The Role of Political Parties in Democracy

What all parties have in common is that they seek power regardless of the political structure of the society. The classification of the party, whether organized in a cadre party or mass-based party, does not affect the fact that all parties participate in the exercise of political power. Even parties which are not part of the government play an important role in the opposition (parliamentary or not). (Duverger, M. 2016)

2.1.3.1 The Struggle for Power

There are usually two ways for political parties to gain power. First, parties can use violence in order to gain political power by revolution. The usual methods, therefore, are conspiracies or guerrilla warfare. Second, parties can operate within the legal framework of elections and gain power in a non-violent way. However, it is not always easy to distinguish between revolutionary parties and parties that are working within the legal framework of elections. For example, communist parties in the 19th century followed a strategy that combined both methods. They were, at the same time, participating in elections and planning underground revolutionary activity. (Duverger, M. 2016)

Another important aspect of the political power struggle is the campaign financing of political parties. While cadre parties have always focused on collecting gifts from

corporations or wealthy individuals, mass-based parties focused on gathering small sums from a large amount of people, usually by monthly payments (membership dues, for example). In some countries, the state intervenes in the campaign financing of political parties by limiting the expenses for elections. In other countries, like Sweden, the state even contributes financial support to parties in elections. (Duverger, M. 2016)

2.1.3.2 Participation in Power

Parties operate differently in how they manage and wield power. Parties operate in a flexible or rigid system. In a flexible system, party members vote on issues of major importance by building coalitions of interests with members from other parties; the government remains in charge for the constitutionally defined period, even without a majority (U.S.). A united party is not necessary for the survival of the government.

In other countries (U.K., for instance), party discipline and unity are crucial. Otherwise, a government cannot continue without holding a majority in the legislature, which leads to a situation of instability and weakness in the government. Furthermore, parties provide channels of communication with the public; the opposition describes the negative consequences of the decision of the government as well as provides alternatives. (Duverger, M. 2016)

2.1.3.3 Power and Representation

The party system gives the voters orientation about the political program of a candidate. Usually, political candidates try to avoid difficult or controversial topics in order to be elected. However, their party membership, be it socialist, conservative, liberal or communist, gives the population an inkling about his ideas, goals and ideology. Additionally, the party limits the power of a certain candidate and ensures that there will be at least some correspondence between promise and performance, after he is elected. Nevertheless, the system has some weaknesses. Parties often tend to manipulate their members. In cadre parties, powerful committees influence the members and in mass-based parties, incumbents control the party apparatus. (Duverger, M. 2016)

2.1.4 Party Systems

2.1.4.1 Multi-Party Systems

The multi-party system is very common in Western European countries. The three main political directions are conservative, socialist and liberal. A major reason, which determines how many parties can be part of the political process, is the particular electoral system within a country. If the electoral system allows even small parties to be part of the legislature or parliament, a multi-party system is probable. Usually, parties have to form a coalition with other parties in order to get a majority in the legislature. (Duverger, M. 2016)

2.1.4.2 Two-Party System

An example of a two-party system is the U.S. There have been many attempts in the past to establish a third party, but all of them failed. Even a socialist party in the U.S. does not exist. The Democrats and the Republicans represent a liberal and a conservative party. Nevertheless, both parties are often described as the same liberal party, with a wide range of opinions going from the left to the right. (Duverger, M. 2016)

2.1.4.3 Single-Party System

A single-party system is very similar to a dictatorship. There have been numerous examples in the past of single-party systems, like the communist or fascist regimes. While the party plays an important role in communist regimes, the contrary was the case in fascist regimes – with the exception of Hitler's Nazi Party in Germany. In the present, the Worker's Party of North Korea or the Vietnamese Communist Party are examples of single-party systems, comparable with their European counterparts. Nevertheless, there are some single-party regimes, which cannot compare to traditional European counterparts, like the former Arab Socialist Union in Egypt. (Duverger, M. 2016)

2.2 Party Finance and the Logic of Collective Action

The logic of collective action assumes that political behavior is rational, instrumental and self-interested. Every political individual is seeking personal benefits. Contributors of parties are hoping for privileged treatment, voters want proper representation and politicians want to be elected or re-elected. Thus, there are several problems with contemporary political finance. (Hopkin, J. 2004, p. 4)

Firstly, the political economy approach concerning the mass party model of funding is not sustainable. The organization of a mass party is highly connected with collective goods, which are not easy to preserve. Mass parties represent a large group of persons, but in the end, it makes no difference if individuals participate in a party or not since they all receive the collective goods. Thus, the founders of parties are facing the problem that rational self-interested group members will “free-ride” by not contributing to the party. The perception is that financial contribution from mass party members (membership fee or a small donation) does not have any beneficial effect for them and have no significant influence on the amount of produced collective goods. (Hopkin, J. 2004, p. 4-5)

Nevertheless, this theory cannot explain the existence of several genuine mass parties in Western Europe in the past. Collective action can develop within small groups and then spread by forming large organizations and distributing selective incentives to further participants. Early trade unions tried to overcome the problem of “free-riding” by the threat of physical violence, but were never successful because compulsory membership in a party is almost impossible to enforce. The only exception is when the mass party itself is an extension of the trade union and party membership comes with the union membership, as was the case with the early British Labour Party. (Hopkin, J. 2004, p. 5-6)

The establishment of a mass, fee-paying membership cannot be successful in the end because members realize after a certain amount of time how insignificant their contribution to the political organization is. Consequently, it is an indicator that these kinds of incentives are no longer sufficient to create interest in the work of political parties or to motivate people to be part of a political organization. In Western Europe, we can observe the trend of declining party memberships for several decades. Furthermore, election turnouts are declining and people are less willing to support the parties that they have supported in the past. However, this is not an indicator that people are less interested in politics than they have been before. In fact, this development shows more likely that people distrust the current structures in politics and are seeking alternatives. The mass party model is in crisis in Western Europe. (Hopkin, J. 2004, p. 6)

Thus, the party’s officeholders and potential officeholders play a crucial role in maintaining the mass membership of the party. Additionally, it is costly to participate in the political process of a party especially when members wish to run for office. Consequently, people with ambitions for political office also have the best-defined personal stake with

tremendous influence on the party's strategic choices. Instead of being motivated by changing the policy, parties tend rather to be office seeking, which is becoming more and more the party's day-to-day business. Therefore, parties are adopting organizational strategies in order to get the maximum number of people into elected offices and make their decisions because of financial aspects. Nevertheless, parties with many office-holders and candidates are struggling problems to finance themselves. (Hopkin, J. 2004, p. 6-7)

2.3 Party Financial Strategies in a Free-Riding Society

Currently, parties have to attract all adult voters from all social classes. The model of mass parties made it possible to connect with a large amount of potential voters and party members. Furthermore, mass parties guaranteed numerous volunteers who are ready to work without compensation. The financial situation of mass parties was also reliable because of its huge numbers of members. (Hopkin, J. 2004, p. 7)

The declining membership of parties makes it more and more difficult for parties to finance their campaigns. Indeed, aspirant office-holders are investing their own money, time and effort into the party, but marketing costs still exceed the financial limitations of the candidate, who is attempting to address his political message to a wider audience. The following paragraphs will introduce four basic concepts of party organization and how to overcome the dilemmas of increasing costs and the dependence on disinterested volunteers. These strategies can coexist within an individual party and there are certain various combinations possible. (Hopkin, J. 2004, p. 7-8)

2.3.1 The Clientelistic Mass Party

Mass party memberships are promoted by certain selective incentives. Therefore, the state provides its resources in order to motivate people to work in a political party. There is a wide range of opportunities the state can offer in exchange for political engagement after political power has been obtained: allocation of state jobs to party workers or their relatives; allocation of public contracts or other forms of paid work for in the case of business people who help the party; preferential allocation of welfare benefits such as public housing, disability allowances or any other kind of discretionary benefit. This system has the advantages of a mass party organization and makes labor-intensive campaigns in the society possible. (Hopkin, J. 2004, p. 8)

Some countries that have adopted this strategy are the U.S., Latin America and Mediterranean Europe. The clientelistic approach supports parties seeking to expand its electorate by giving them the opportunity to develop stable core constituencies. The condition for this strategy is an under-developed state bureaucracy. No Western European countries have implemented such a system. Nevertheless, it could help to complement other organizational strategies. (Hopkin, J. 2004, p. 8-9)

2.3.2 The Externally-Financed Elite Party

The invention of new technologies gives the labor-intensive mass party model completely new opportunities. Through the development of the internet and social media, party workers can use different methods to reach their electorate such as audio-visual media, direct electronic mail or other technologies. Thus, a large party membership is becoming less necessary than in the past and mass parties are transforming slowly into elitist organization or “modern cadre parties.” The operating costs of these parties are increasing constantly while party memberships are declining. External financing is needed. (Hopkin, J. 2004, p. 9-10)

A possible approach to this problem is for office holders to use their positions of power to benefit certain companies or individuals. In this case, policy becomes a product, which is offered and sold on the political market. The beneficiaries of this policy donate enough money to cover certain costs of the party. In this scenario, the taxpayers are frequently the ones who pay the real costs of policy selling. Sometimes the border between legal and illegal actions is fluid. In the U.S., the sale of policy has reached such an extent that the democracy in the U.S. it is often described as a “checkbook democracy.” The donators can be certain interest groups, companies or wealthy individuals. Nevertheless, the system in the U.S. is usually transparent and diligent citizens can inform themselves about the relationship between contributors and policies. In Western Europe, the donation system is more restrictive and ceilings exist for private contributors. (Hopkin, J. 2004, p. 10-11)

The main problem of such a strategy is the tremendous loss of support in the public if such practice, which is highly connected to bribery, corruption and unethical behavior, becomes public. The party controls the external financial inflow of money. In the case of a devastating electoral defeat, the external financial support could immediately stop. Furthermore, a strong opposition party financing itself legally or the intervention of the judiciary can interrupt this procedure of buying policies. Generally, such patterns are hard to

discover. A mix of disinformation, party propaganda and disinterest of the electorate makes it difficult to change the system. In addition, there is the probability that all relevant parties have such suspicious arrangements. This leads easily to inter-party collusion in which the parties start to cooperate with each other (or at least not blame each other for unethical behavior). Otherwise the own party's arrangement would be found instantly under scrutiny. However, the system is relatively stable and unlikely to collapse. (Hopkin, J. 2014, p. 12)

2.3.3 The Self-financing Elite Party

The strategy of the self-financing elite party uses the party as a vehicle. A group of members has a strong interest in influencing the political outcome in order to benefit them privately. In this case, the party itself or a subgroup within the party is investing its own financial resources to accomplish the goal. One of the best examples of this practice is the formation of the party "Forza Italia," established by the Italian businessman Silvio Berlusconi during a period of numerous corruption scandals in 1993-1994. Berlusconi managed to bring a high number of televisual and print media under his control by spending enormous sums of money in human resources. Afterwards, the "Berlusconi media" supported his chosen candidates in elections. Consequently, the party grew in terms of membership and structure, but it has always remained a top-level controlled organization with highly concentrated power around the leadership of the party and its inner circle. (Hopkin, J. 2014, p. 13)

Berlusconi had to face a series of trials concerning corruption scandals, but Forza Italia used its extraordinary position to push for restrictions on the powers of prosecuting magistrates and influenced both the government and opposition. The Berlusconi administration passed laws that made neutral investigations concerning corruption or unethical behavior almost impossible. At the same, the party undertook all required measures to strengthen the position of the Berlusconi broadcasting "empire" by deregulation of the framework. In conclusion, Berlusconi brought the party completely under his control. The key members of the party helped Berlusconi protect his private and corporate interests. Nevertheless, the situation is still very rare, especially in Western Europe. The self-financing party is an organizational strategy in the post-mass party era. It shows "the unashamed institutionalization of the kind of public policy manipulation." (Hopkin, J. 2004, p. 13-14)

2.3.4 The Cartel Party

The cartel party model has been adopted by almost every Western democracy. The public is financing the political parties with donations of state funds. The cartel model can be described as a collective action between the parties themselves. There is an agreement between the governing and opposition parties to maintain state party funding and to make this practice not a subject of discussion. Thus, parties are forming a cartel in order to ensure state funding. This is an effective method for parties to be less susceptible to the consequences of declining party memberships. Furthermore, the parties are able to secure their territorial structure and even to increase the central bureaucracies. (Hopkin, J. 2004, p. 14)

On the other hand, there are some negative implications in this model. Critics of the cartel model claim that the procedures for financial support and the formation of cartels separate the parties from the electorate. Another major argument is that the political process of elections is completely undermined, which leads to the rise of aggressive anti-system parties. There is no doubt about the occurrence of extensive state funding of parties in Western Europe. Consequently, parties have transformed from the mass party model to an organizational model, which is highly dependent on the state. Therefore, the cartel party model is a barrier to competition and change in the political landscape. (Hopkin, J. 2004, p. 14-15)

2.4 Party Finance in Populistic Theories of Democracy

Political equality is the foundation of a democracy and determines the view of populist democratic theories on party finance. This means that every political individual has the same rights. Thus, the votes or political preferences of every participant in the political process are equally weighted and the policies implemented by the government should represent the interests of the majority. The key problem in terms of party financing is that a highly unregulated system of funding is boosting economical inequality directly into political inequality. (Hopkin, J. 2004, p. 16)

The consequences of this practice can be various. Parties that are focusing on the wealthier segments of the society as their electorate have a huge advantage in terms of fundraising over their political competitors. This development might have the effect that the wealthy are over-represented in elective institutions. In the worst case, a small minority, which concentrates the wealth only in the hands of a few, wields enormous influence. Such

blatant economic inequalities allow wealthy interest groups to buy policy in exchange for beneficial political treatment. (Hopkin, J. 2004, p. 16-17)

Obviously, the “elite parties” and “self-financing elite parties,” which are both described in the previous chapters, collide with the principle of political equality. The externally financed elite party is seeking funds by selling its political power to private persons who intend to influence policies for their own good. This practice is responsible for the development of economic and political inequalities because less wealthy individuals are incapable of promoting their interests in such a way. The same is the case with self-financing elite parties, which are favoring the policy preferences of the party’s economic sponsor. (Hopkin, J. 2004, p. 17)

The safeguards against this procedure are in the electorate itself. The increasing influence of a wealthy minority over a party can be limited by elections. Thus, voters have the power to punish elite parties by simply voting for alternatives during elections and establishing a system representing a wide range of interests. Nevertheless, this safeguard is not the ultimate method for changing the system. The first aspect is that well-funded parties have many financial resources and fair competition among the candidates is almost impossible. Better-financed parties are much better prepared to convince, or overwhelm, the electorate. The electorate might be even not aware of the less well-funded political alternatives. Furthermore, in a system without alternatives to the elite parties, voters do not even have the opportunity to elect certain candidates who might represent their interests in a better way. The U.S. system is often described and seen as such. The last point is informational asymmetries, which prevent voters from finding information concerning the policy implications of parties’ funding arrangements. (Hopkin, J. 2004, p. 18)

Mass parties provide a completely different approach and seem to have overcome the previously explained problem. Instead of representing only the interests of small groups of elites, mass parties have to convince a much greater audience to accept their concepts and ideas. Thus, the membership of a higher number of citizens is crucial for mass parties and brings them at least closer to the objective of representing the will of a large electorate. The mass party is highly connected to the component of socialist popular sovereignty, which stands also for the will of the working class. Because of its grassroots model in which members have to pay fees, it is more likely that the party leaders understand the will of the people. If the leadership is not in line with the will of people, the consequence could be a

decline in memberships and therefore a financial disaster for the party. (Hopkin, J. 2004, p. 18-19)

However, mass parties still cannot proclaim that they represent all-encompassing rather than narrow interests. Even during the most successful times, mass parties enrolled only a very small minority of fee-paying members compared to the total amount of citizens. Nevertheless, the theory of mass parties emphasizes that the grass roots, fee-paying members are representatives of the wider interest. In this case, the suggestion of representativeness of the membership in a mass party is the most important argument for interpreting popular will. Apart from that, the emphasis of the grassroots financing turns out to be just another approach of gaining disproportionate influence over policy-making by narrow interests, which would actually mean violating the principle of equality. Thus, mass parties, which are unable to implement a form of internal democracy, cannot proclaim themselves as representing more than the interest of their ruling elites. This counts especially for the clientelistic party. (Hopkin J. 2004, p. 19-20)

2.5 Party Finance in Liberal Theories of Democracy

One of the main differences between liberal and populist theories is the perception of political equality. In liberal theories, great economic and political inequalities are more acceptable than in most populist theories. People with a liberal attitude see the populist democracy as a real threat, and that is why they are propagating the protection of individual rights and less involvement of the state over individuals' lives. Thus, equality means equal rights and equal freedom, but not equal representation. This circumstance has an extensive effect for the position of parties and party finance in the liberal theories of democracy. (Hopkin, J. 2004, p. 24-25)

The movement of classic mass parties is based on the objective of collective action for major social transformation by using the power of the government. Therefore, the concept of mass parties, which are following an agenda to redistribute wealth from rich to poor, are completely in contradiction with liberalism. Furthermore, the organizational structures of mass parties do not correspond with the liberal ideal. Indeed, the involvement of individuals in the political process is not the problem, but a whole society based on mass political participation is seen very skeptically in the eyes of liberals. Consequently, politics should be controlled by real political leaders because the concept of actual mass participation is

impossible to be converted into reality. Liberals fear the mass party's ideal of implementing the popular will, which would lead to the "tyranny of the majority." The cohesive organization of mass parties is a major concern for liberals because it has the potential to control government power in damaging ways. Therefore, there are some measures required to protect the rights of minorities by federalism, the separation of powers and the role of non-elective offices. (Hopkin, J. 2004, p. 25-26)

Another aspect, which criticizes the mass party organization is that it is not consistent with Schumpeterian democracy. In Schumpeter's approach, the competition between two teams of ambitious politicians is the best opportunity to avoid tyranny and to ensure a responsive government. The Schumpeterian democracy concept is without a doubt elitist. Schumpeter states, party leaders should have much greater autonomy than the theory of mass parties suggests. Following this, elites are implementing popular demands. Therefore, mass parties are not necessary for responsiveness to the electorate. According to Schumpeter, "it is the competitive nature of the electoral process, rather than the party's leadership connection with the masses, which provides responsiveness. Moreover, the electoral process is much more of a retrospective judgment on the elite performance than a choice of representatives of particular social groups." (Hopkin, J. 2004, p. 26)

However, not every liberal theory is against the concept of mass party organizations. Polyarchy, for example, is a theory that supports the diffusion of political resources among organized interests. Therefore, political competition between these organized interests is an opportunity to maximize "the size, number and variety of minorities whose preferences must be taken into account by leaders in making policy choices without running the risk of majority tyranny." This theory is aware of the consequences that disparities in social power and wealth between different minorities might have. (Hopkin, J. 2004, p. 26-27)

According to Dahl's theory, mass parties are also minorities themselves and the threat of "majority tyranny" is not real because other organized minorities are restraining their power. Nevertheless, this is the approach in the liberal context, which comes closest to the acceptance of mass involvement and control of the political process through direct participation. (Hopkin, J. 2004, p. 27)

3 German Political Parties – History Development, Basic Rules

3.1 Role and Function of Political Parties in Germany

Germany is a party democracy. The political parties fulfill various numbers of important functions within the democracy. Parties provide mandates and candidates for offices. The functionality and stability of the German state is substantially influenced by political parties. (Niedermayer, O. 2014)

Thus, political parties have a central function in the current system. The parliamentary democracy with the Bundestag as the central constitutional organ favors a strong positioning of political parties. Furthermore, political parties are extremely relevant to all three areas of the political system:

- the party members are a crucial part of the political citizenship
- their non-parliamentary organizations are an important part of the intermediary system of parties, media and social movements
- through their factions and members of the government, they are responsible for the most important part of governmental system on several constitutional levels (Niedermayer, O. 2014)

The central function of political parties is underpinned by the German Constitution Article 21, which says that political parties are a necessary component for a free and democratic basic order. The rights and obligations of political parties, their state funding and their functions are regulated in “Act on Political Parties,” the “Parteiengesetz.” (Niedermayer, O. 2014)

Every political system has to fulfill different requirements: political decisions have to be discussed and implemented, the political process has to be controlled and government employees have to be recruited. In terms of policy formulation, policy control and recruitment, parties play an essential role in order to guarantee the functionality and stability of German democracy. Although the actions of political parties are often criticized, they remain indispensable to the political system. (Niedermayer, O. 2014)

3.2 Basic Rules on Political Parties in Germany

Political parties receive funds as partial financing. The allocation of the public funds depends on the results in elections, in particular the amount of votes in European, Bundestag and Landtag (state parliament) elections. In general, it can be stated that the more votes a political party win, the more public funds the party receives. Furthermore, parties receive membership dues, contributions from holders of elected public office, and private donations. (Bundestag 2016)

The annual upper limit for public funds to political parties totals 133 million Euros. It is not possible that more money can be allocated among political parties. The following framework applies for partial public funding:

- “0.70 Euro for each valid vote cast for respective party list; or
- 0.70 Euro for each vote cast for the respective party in a constituency or polling district if a list for that party was not admitted at the Land level; and
- 0,38 Euro for each Euro received from other sources (membership dues, contributions from elected office holders, or lawfully obtained donations); only donated amounts of up to 3,300 Euros per natural person will be taken into account.” (Bundestag 2016, p. 9)

A party that is banned or dissolved is no longer eligible for partial public funding. Donations over 10,000 Euro from private persons or companies have to be transparent. (Bundestag 2016)

3.3 Party Financing in General in Germany

The discussion concerning party financing has always been part of controversial debates. Party financing in Germany should guarantee equal opportunities, viability and freedom from state interference. Parties have the function of honest brokers in a representative democracy between citizens and the state. Thus, it has to be ensured that parties have enough financial resources to fulfill their obligations. However, parties shall not solely depend on membership dues or private donations because there would be a significant competitive disadvantage for parties that do not represent the rich and wealthy. A completely state funded system of party financing is also not possible in order to avoid parties being

transformed into bodies of the government and, therefore losing their connection to the citizens. (Pehle, H. 2015)

Thus, independence from the state has to be granted to political parties. Transparency and equal opportunities are important principles toward accomplishing this goal. Parties are obliged to publish annually a full statement of accounts. This allows the voting population to comprehend who are the donors and how the money is being used. Furthermore, it has to be ensured that certain types of parties, such as parties with a high number of members, are not treated preferentially. (Pehle, H. 2015)

The following graph shows the revenues of the political parties in 2013, the year of the last elections in Germany.

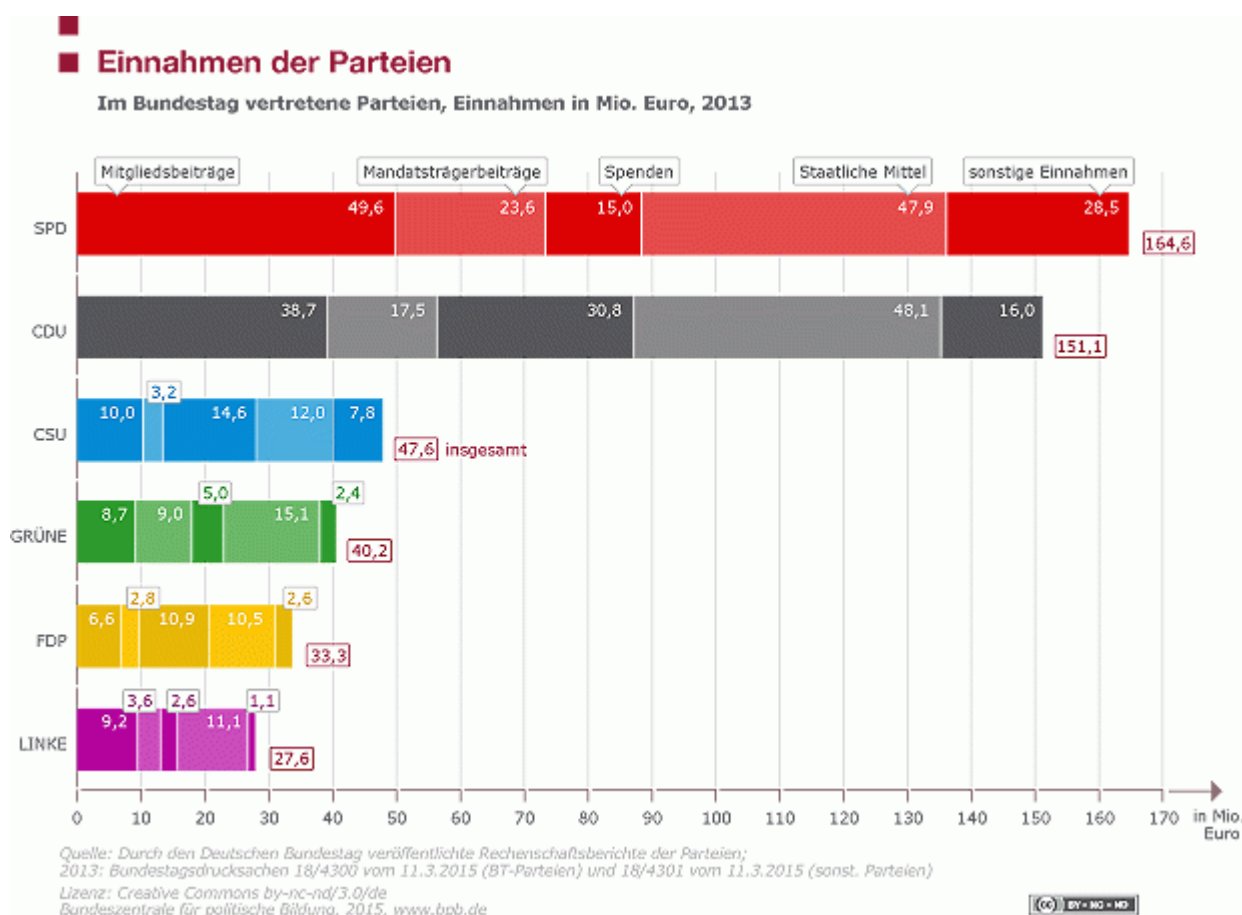


Figure 1: Revenue of the Parties in the Bundestag 2013 (Pehle, H. 2015)

The revenues of the parties are divided into these categories: membership dues, contributions from elected office holders, donations, state funding and miscellaneous receipts. The party with highest revenue is the SPD with 164.6 million Euros, followed by the CDU with 151.1 million Euros. Although, the CDU and CSU are building one faction in the

Bundestag and both consider each other as “sister parties”, the revenues should be combined, which would make the CDU/CSU the party with the highest revenue. An interesting aspect is that the Green party (Grüne) and the liberals (FDP) have much higher revenues than the left wing party (LINKE), but received less votes in the 2013 elections. The FDP did not even pass the 5 percent threshold and since 2013 is not represented in the Bundestag.

The next graph shows the expenses of the parties for their campaigns in the election year 2013.

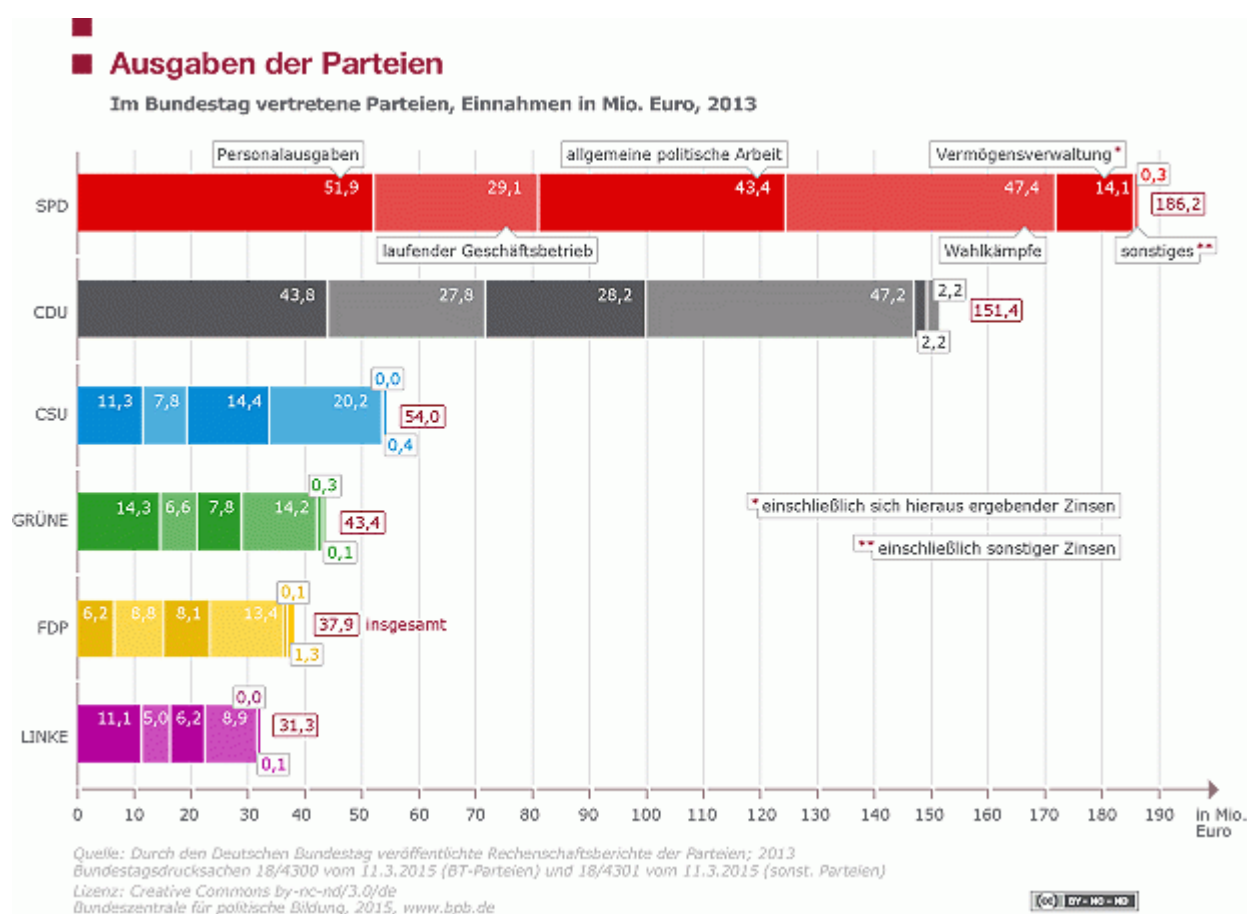


Figure 2: Spending by Parties in the Bundestag 2013 (Pehle, H. 2015)

The statistics show the expenses for staff, business operations, political work, campaign and asset management, including interest rate. The party with the highest expenses for its campaign is also the SPD. But again, the expenses of the CDU/CSU should be accumulated and not analyzed separately, which also makes the so-called Union party the party with the highest expenses. In general, the ranking of the table is similar to the graph of revenues. Consequently, the parties with highest revenues are also the parties with the highest expenses.

The highest cost factors for the parties are expenses for staff and campaign, which is not surprising in a year of elections. Only the two biggest parties – SPD and CDU/CSU – spent combined more than 115 million Euros for their campaigns. The SPD as a single party, for instance, spent more for its campaign than the Green party, liberal party and left wing party combined.

The following illustration shows the campaign expenses over a period of ten years, from 2003 until 2013.

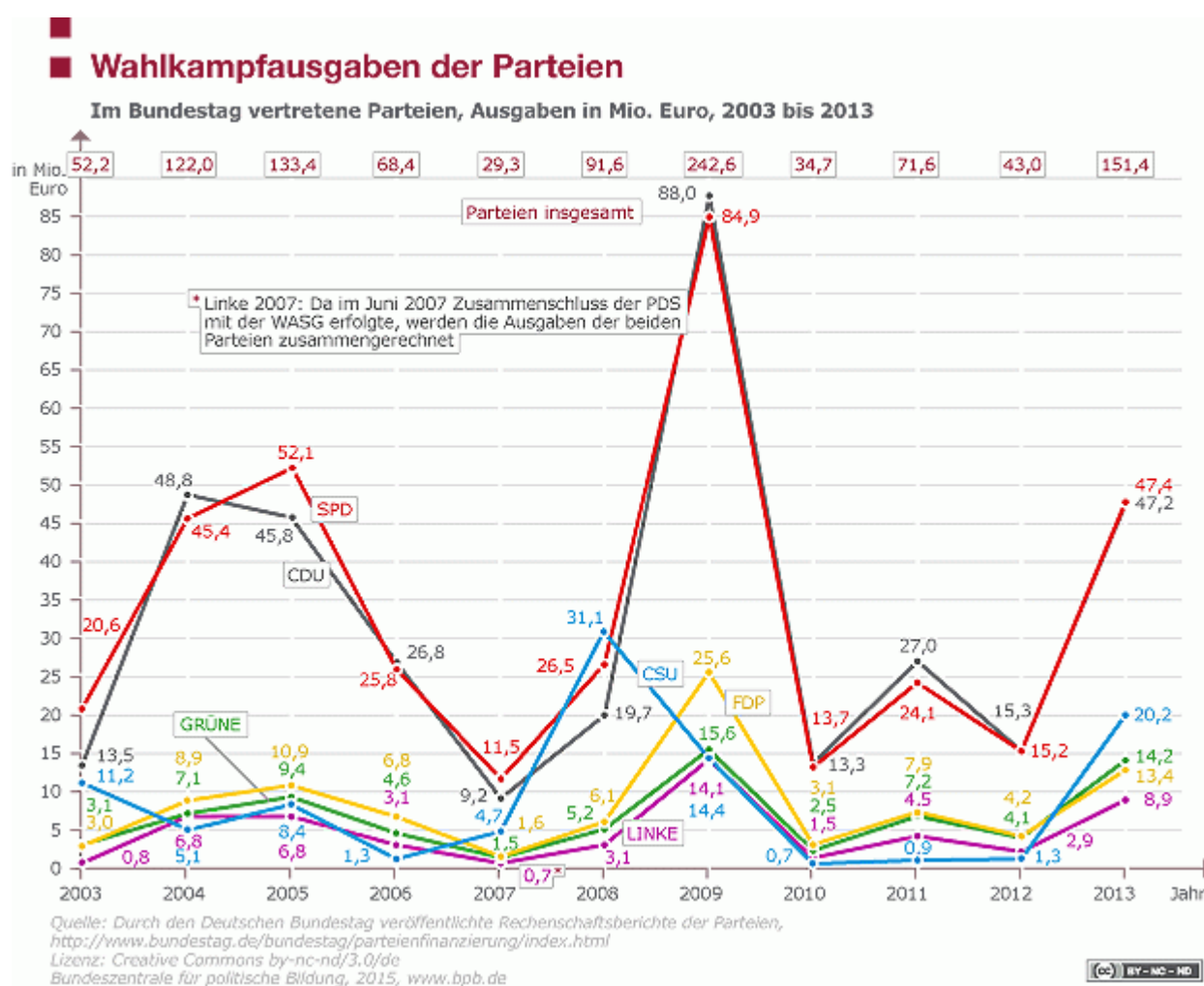


Figure 3: Campaign Spending by Parties from 2003 until 2013 (Pehle, H. 2015)

National elections have been held in 2005, 2009 and 2013. Thus, these are also the years with highest expenses for campaigns. The two biggest parties – SPD and CDU/CSU – are again the parties with the highest spending in the illustrated period.

The year 2009 has been by far the year of the highest campaign expenses in German history. It was the period after the great coalition between CDU/CSU and SPD. Both parties

attempted to be the party of the chancellor. This might explain the extraordinary expenses. Another reason is that campaigns have become more effective in their way to reach voters. Especially in the last elections, parties discovered social media as a tool to connect to a wider audience.

The following graph shows state funding of political parties during the period from 2005 until 2014.

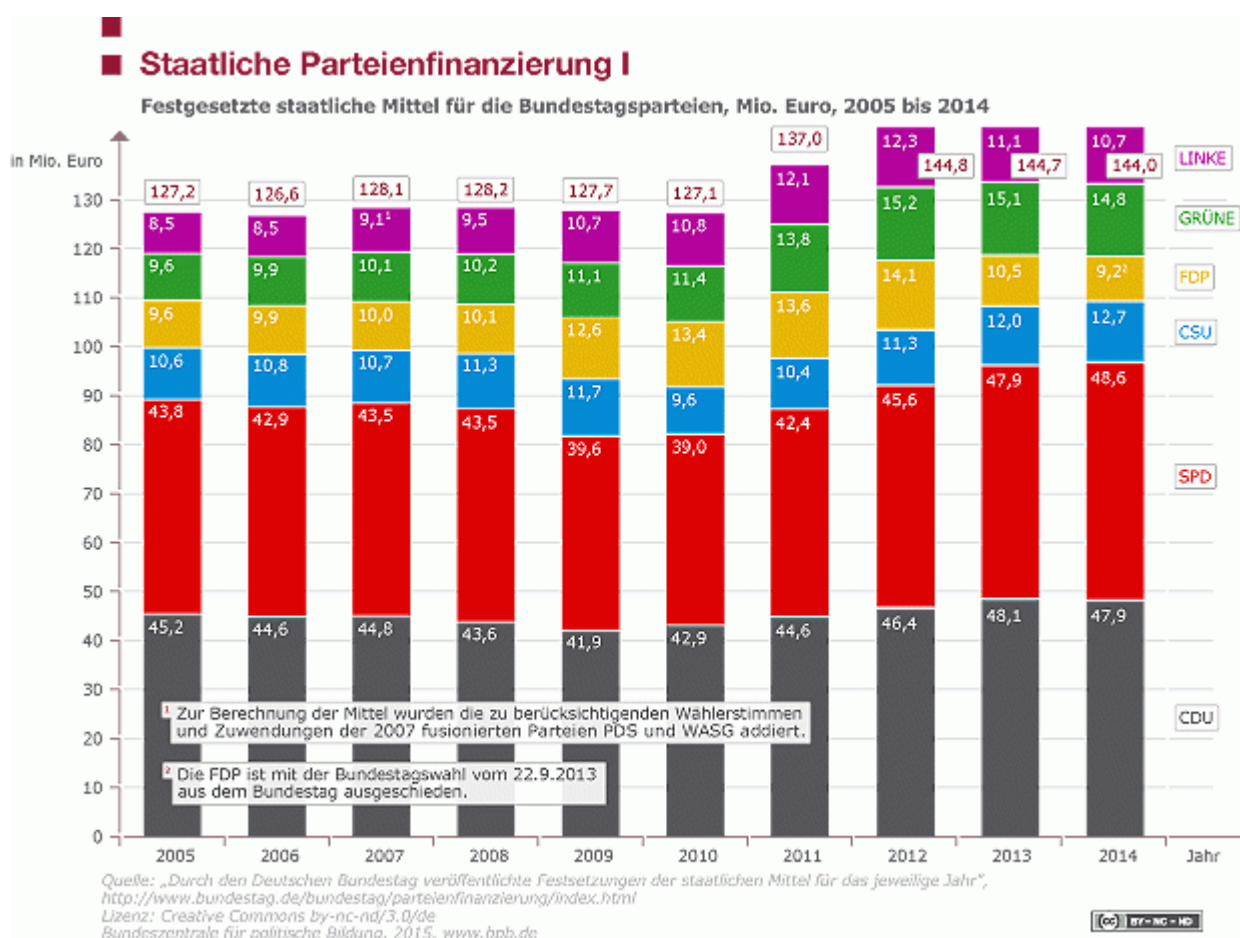


Figure 4: Funding of Political Parties from 2005 until 2014 I (Pehle, H. 2015)

The trend shows that the state funding of political parties is relatively constant. From 2005 until 2014, state funding has risen by nearly 17 million Euros. Again, the SPD and CDU/CSU are the parties receiving most state funding. In 2014, the SPD alone received more state funding than the CSU, FDP, Grüne and Linke combined.

The last graph shows the state funding of the parties not represented in the Bundestag in 2014.

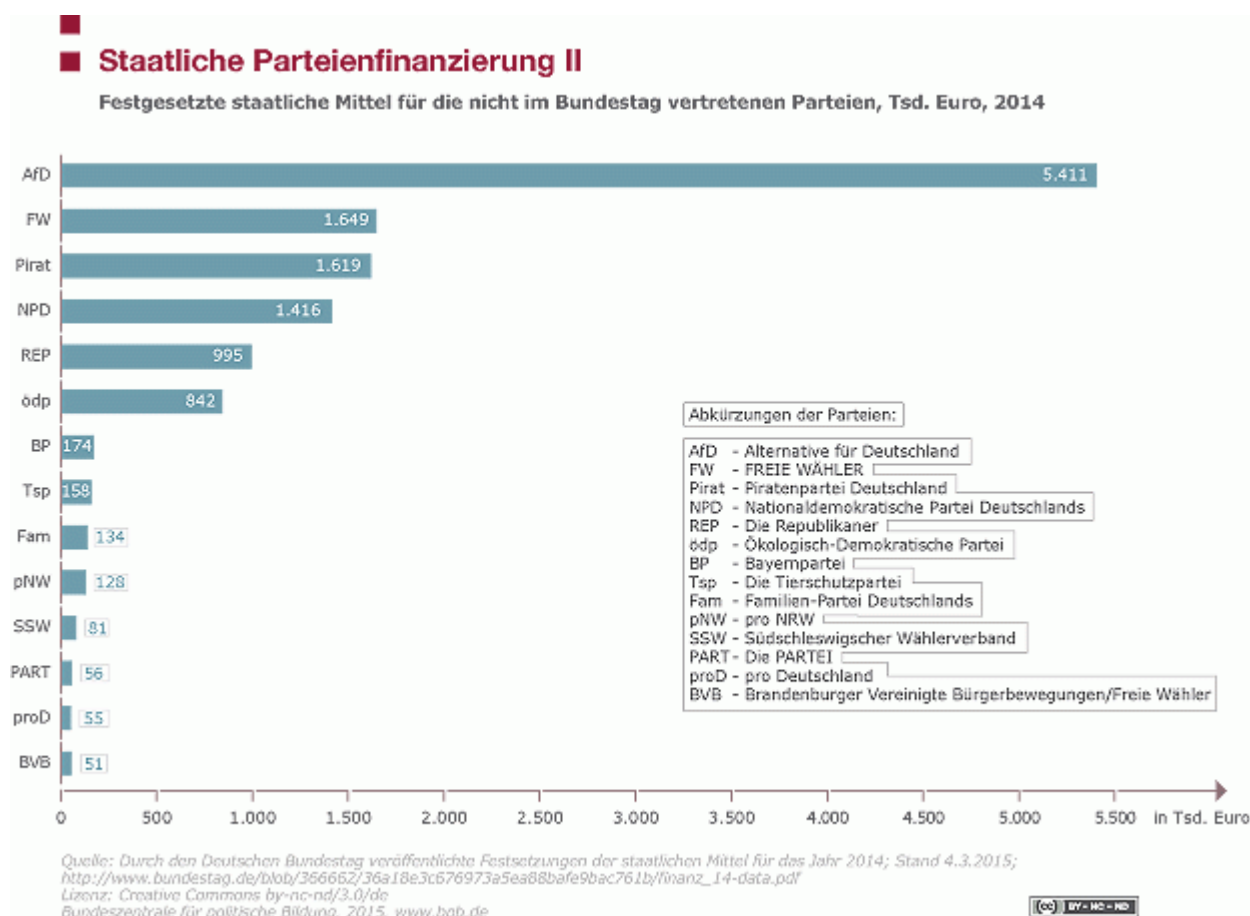


Figure 5: Funding of the Political Parties (not in the Bundestag) (Pehle, H. 2015)

The AfD (Alternative für Deutschland) just missed the 5 percent threshold in 2013. Therefore, it is the only non-mainstream party currently important in the German political landscape and significantly benefits from state funding.

3.4 Overview of the most important German Political Parties

3.4.1 CDU/CSU – Christian Democrats

3.4.1.1 History and Politicians

The goal of the CDU was to gather all the Christian orientated values in one “Union.” The German state should be based on a Christian, democratic and federal framework. First chairperson of the party, and still one of the most important figures in German post-war history, was Konrad Adenauer. (CDU 2016)

A crucial part of the party’s history is the development of the “social market economy” under Ludwig Erhard in 1948. Since the establishment of the party, the party has

stood for European integration of Germany and integration with the West, in particular with NATO. Therefore, one of the major goals has always been the reunification of Germany. After the 1989 peaceful revolution in East Germany, the party accomplished its goal under the leadership of Chancellor Helmut Kohl. (CDU 2016)

The CDU was also part of the system in the Communist-run German Democratic Republic (GDR). Under the pressure of the Soviet regime in East Germany, which made it impossible for the leadership of the CDU to participate in the political process of the GDR, the CDU had to toe the party line of the communist regime. Thus, the CDU became part of a totalitarian regime and people, who identified themselves with Christian democratic values, could not participate in the political process. In 1989, the CDU found its way back to its own and free politics. One year later, the West and East CDU fulfilled their reunification goal. The Bavarian “sister party” CSU is one faction within the CDU in the Bundestag since 1949. (CDU 2016)

3.4.1.2 Political Positioning

This so-called “Union” is a conservative party. Although, the CDU is a mass party and often considered to be “the middle,” the CSU in Bavaria is far more conservative than its “sister-party”. Especially, during the legislature of Chancellor Angela Merkel, the party developed a profile of ultimate opportunism. For instance, during the summer of 2015, when the refugee crisis started to affect the EU seriously, Merkel decided to open the borders of Germany and the German population welcomed the refugees into their country. During that time, a majority supported Merkel’s policy. After the sexual attacks on New Year’s Eve 2016 in Cologne, the atmosphere started to change, and so Merkel changed her policy of open borders, like the latest agreement with Turkey shows. Another example is reaction to the Tsunami disaster in Fukushima, Japan and the change of policies concerning environment and nuclear power.

The reason why the CDU is called “the middle,” is that the party adopted key points of its latest coalition partners (FDP and SPD) and integrated them into its own agenda. Whereas, in its last campaign, the SPD promoted the need for a minimum wage, the CDU got the credit for this law. Latest polls show that the SPD has declined significantly since the last elections. The same happened with the FDP, the coalition partner of 2009, which made tax reductions a major issue of its campaign. In the last elections, the FDP even did not pass the 5% threshold.

The CSU is the Bavarian conservative part of the Union and attracts all people who cannot identify themselves with the new positioning of the CDU. In the opinion of CSU voters, the CDU has adopted too many elements from the social democrats and liberals into their party program.

3.4.2 SPD – Social Democrats

3.4.2.1 History and Politicians

The SPD is the oldest party in Germany and has therefore more than 150 years of political tradition. In the year 1912, with 34.8 percent of the total votes, it was the strongest party in the Reichstag (German parliament). During that time, the members of the party were mostly people of the working class or people strongly connected to labor unions. The first “Reichspresident” Friedrich Ebert came from the SPD and was elected in 1919 after the First World War. Furthermore, the SPD took part in every government from its founding until 1920. After 1922, the SPD was mostly an opposition party. In the last free elections before the Nazi dictatorship, the SPD received 18.3 percent of the votes. The SPD was the only party, which voted against Hitler’s Enabling Act of 1933. Social democrats are still proud of that. (SPD 2016)

In the following years from 1933 until 1945, the SPD had to suffer under the Nazi regime. The Nazis persecuted SPD party members, arrested them and even sent them to concentration camps. (SPD 2016)

In the period from 1966 until 1969, the SPD was, finally, part of the government in a great coalition with the CDU/CSU. At the beginning of 1969, the German Chancellor came from the SPD. Willy Brandt is a role model for many social democrats even now. Especially his “East politics,” which focused on cooperation with the Soviet Union instead of confrontation, made Willy Brandt popular. In the elections of 1972, the SPD had its best election result in history with 45.8 percent. The second SPD Chancellor was Helmut Schmidt in 1974, after the retirement of Willy Brandt. During his term in office, he had to fight against the left-wing terrorism of the RAF (Rote Armee Faktion). (SPD 2016)

From 1982 until 1998, the SPD was in the opposition again. In 1998, the SPD won the elections and Gerhard Schröder became the Chancellor of Germany with 40.9 percent of the votes. The coalition with the Grüne party lasted until 2005. In 2009, after another period in a

great coalition with CDU, the SPD significantly lost acceptance by the population. Since 2013, the SPD is again part of a great coalition with Merkel's CDU. (SPD 2016)

3.4.2.2 Political Positioning

The SPD is the Social Democratic Party in Germany. Officially, the party is still left-wing party and represents the working class. Currently, the SPD is in a governmental coalition with Merkel's CDU/CSU.

The SPD is in deep crisis. Latest polls showed that the party has lost acceptance tremendously by the population. There are various reasons for this. First, the party lost its "identity" during Chancellor Schröder's term in office. The party changed its program radically. Instead of representing the middle or working class, the party has become a "neoliberal" party. The SPD agreed to deregulations on the financial market, reduced pensions for the elderly and implemented unpopular job market reforms. Furthermore, the era of the coalition of SPD and the Green Party turned Germany into the largest low-paying sector in Europe.

Another major reason for the crisis of the SPD is the departure from basic party principles, especially during Willy Brandt's era as the German Chancellor. During Schröder's term in office, Germany agreed, for the first time since the Second World War, to support wars in former Yugoslavia and Afghanistan. Likewise, the relationship between the SPD and the Russian Federation has always been good, but this circumstance has also changed recently when the SPD agreed to all sanctions against Russia resulting from the Ukraine conflict. Furthermore, certain segments within the population view the role of the party in the recent refugee crisis very skeptically.

All these aspects explain the current depression of the party.

3.4.3 FDP – Liberals

3.4.3.1 History and Politicians

The FDP was established in 1948. The party has an extraordinary role in German political history with 46 years as part of the government. Since 1949, the FDP has defined itself as a market-based, constitutional, and temporarily social, liberal party. (Tagesschau 2016)

The first chairperson of the FDP, Theodor Heuss, also became the first German president in 1949. After a dispute concerning tax policy with its coalition partner CDU in 1966, the FDP became an opposition party. In the following years - under the leadership of the new chairperson of the party Walter Scheel - the party changed its program by implementing social aspects into the party manifesto. (Tagesschau 2016)

In 1969, the social-liberal coalition consisting of SPD and FDP won the elections and made Willy Brandt the Chancellor of Germany. After the retirement of Willy Brandt, Helmut Schmidt became the new Chancellor and Hans-Dietrich Genscher – one of the most dynamic figures in FDP history – was promoted to the vice-chancellor and foreign minister. Genscher was the foreign minister of Germany from 1974 until 1992, and played an important role in the reunification process of West and East Germany. In 1982, the social-liberal coalition with the SPD ended and the FDP renewed a coalition with the CDU/CSU union. (Tagesschau 2016)

After Genscher's retirement in 1992, the party fell into deep crisis. The FDP lost the elections in 1998 and went on the opposition. It took eleven years until the FDP became a governing party under Chairperson Guido Westerwelle again. In the 2013 elections, the FDP, for the first time in its history, missed the 5 percent threshold and is therefore not represented in the current German Bundestag. (Tagesschau 2016)

3.4.3.2 Political Positioning

The FDP is the liberal party in Germany. Despite its great history, the FDP did not pass the 5% threshold in the last elections and is consequently not part of the current Bundestag. The party is in a great depression, but the latest elections on federal level and polls show that the FDP starts slowly rising again. The reason for its significant loss of trust in recent years can be found in the last legislature (2009 until 2013) as a “junior partner” of the CDU.

The German population sees the FDP as a party that only represents the interests of the wealthy and powerful. For instance, during the campaign of 2009, the FDP promoted tax reductions, which brought them one of best election results in the party's history. However, the tax reductions were only for the owner of hotel businesses. The middle or working class did not benefit from these actions and felt defrauded. Furthermore, the party was not included in the coalition with CDU/CSU and was unable to promote its main points. Finally,

factionalism within the party caused the loss of even more reputation with the result that the FDP is, for the first time in its history, not represented in the Bundestag.

3.4.4 Bündnis90 / Die Grünen – Green Party

3.4.4.1 History and Politicians

The German Green Party is the result of the changes in German society in the 1970s. The party has its roots in the peace, environmental, and women's movements. During this period, the Green Party was especially attractive for students. In 1983, the Green Party, with 5.6 percent of the vote, first passed the 5 percent threshold and has been regularly represented in the German Bundestag excepting from 1990 until 1994. (Gruene 2016).

After the election debacle in 1990, the party was restructured. This process caused many left wing politicians to leave the party. However, the party passed the 5 percent threshold in 1994 again. In 1998, the Green party became, for the first time, a governing party in a coalition with the SPD. The “green-red coalition” lasted until 2005. Well-known politicians from that period are Joschka Fischer, Otto Schilly, Jürgen Trittin or Hans-Christian Ströbele. (Gruene 2016)

Since 2005, the Green party has been an opposition party in the Bundestag. After the tragedy of Fukushima, the party increased its profile as an environmental party, but without any success in the 2013 elections. These days, important politicians are Katrin Göring-Eckardt, Anton Hofreiter, Renate Künast and Cem Özdemir. (Gruene 2016)

3.4.4.2 Political Positioning

DIE GRÜNEN is the Green party in the German political landscape. The main objective of the party is the protection of the environment. Thus, the party is promoting alternative energies and a sustainable way of life.

Originally, the German Green party was strongly left wing. Especially in the beginning, the party had the reputations of being rebels and fighting against the establishment. But the party has changed extremely over time. When the Green party became a governing party in 1998, the officials moved away from its former principles. The Green party agreed to intervention wars in Yugoslavia and Afghanistan, implemented unpopular social market reforms and even agreed to lifetime extension of nuclear power plants.

Today, the Green party is in several coalitions on the federal level with conservative-liberal parties. The preservation of the environment remains a major issue of the party but, in general, the Green Party does not differ significantly from other parties anymore.

3.4.5 Die Linke – Left-wing Party

3.4.5.1 History and Politicians

The party DIE LINKE is a relatively new party in the German political landscape. DIE LINKE (left wing) party was established in 2005 as the result of the fusion of two parties: PDS and WASG. While the PDS was the legal successor of the SED (name of the regime party in East Germany), the WASG has its roots in West Germany and was a protest movement against the social reforms caused by the SPD and Grüne in the 2000s. (Decker, F. 2015)

In the 2009 elections, DIE LINKE received 11.9 percent of the votes and gained representation in the Bundestag. The most important politicians are Gregor Gysi (former PDS) and Oskar Lafontaine (former WASG and SPD), who made the fusion between both parties possible. (Decker, F. 2015)

In the elections in 2013, the DIE LINKE party received 8.6 percent of the votes and is therefore currently the strongest opposition party in the Bundestag. The current chairpersons are Sahra Wagenknecht and Dietmar Bartsch. (Decker, F. 2015)

3.4.5.2 Political Positioning

DIE LINKE can be characterized by a high level of criticism of capitalism. The party is very left wing and highly connected with the working class. Because of the party's history, DIE LINKE was a People's Party in East Germany, but in West Germany just a small political party. There is sometimes an open dispute between these wings. While the party in East Germany is part of several federal governments and is seeking political participation on the national level, the Western part of the party is completely against any compromise that would open the doors for a coalition with the Social Democrats or Green Party. Therefore, the current party leadership consists of two persons representing both wings.

In general, the party is very different from the other represented parties in the Bundestag. DIE LINKE is the only party that is against the social reforms of the 2000s period,

against any military intervention abroad, against sanctions against Russia and against the deregulations of the financial markets. Furthermore, the party propagates a pro-refugee policy and supports the current Greek government seeking debt reduction. Thus, the probability that the DIE LINKE party will become, in a reasonable time, a governing party is very low.

3.4.6 AfD – Right-wing Party

3.4.6.1 History and Politicians

The party “Alternative für Deutschland” (AfD) was established in the year 2013 and is one of the newest parties in the German political landscape. In the beginning, the program of the AfD was highly focused on the economic consequences of the Euro as a currency. Bernd Lucke, chairperson of the AfD and a professor in microeconomics at the University of Hamburg, suggested that Germany should leave the Euro zone. The role of the AfD has to be seen in the political context of the financial crisis in Greece. Their main message was that the Euro as a currency is bad for Europe and all the members of the Euro zone would be better off without the Euro. The AfD gained prominence as a conservative-liberal party and mostly attracted frustrated voters from the FDP and CDU/CSU. Nevertheless, the AfD barely missed the 5 percent threshold in the elections 2013. (Korte, K. 2013)

In 2015, the AfD changed its party program radically. The current refugee crisis mobilized all the national-conservative forces within the party and formed an alliance against the liberal-conservative wing, which was focused more on the economic aspects of politics. In a final run-off election, the national-conservative wing of the party won and is now determining the program of the AfD. The new chairperson is Frauke Petry and the policy of the party is strictly conservative even with racist tendencies. (Bender, J. 2015)

3.4.6.2 Political Positioning

The AfD has transformed from a Euro-skeptical party to a strictly national-conservative party. Thus, the party can be described as a “German version of the Front National” or other Euro-skeptical parties currently on the rise in Europe. The AfD still wants to exit the Euro zone and the EU, but the focus is now on the protection of national-conservative values. Thus, the AfD does not consider the Islam as a part of Germany and does not accept any refugees. In order to “protect” Europe from the Islamic religion, the AfD

suggests building fences and walls. Some AfD politicians even say that the police should shoot at refugees (including women and children) if they attempt to cross the German border.

3.4.7 Election Results since 1949

The following graph shows the result from the German Bundestag elections from 1949 until 2013. All relevant parties represented in the Bundestag are included. The graph describes the development of each party over a certain period. Additionally, some parties, which did not pass the 5 percent threshold, are also illustrated in the graph.

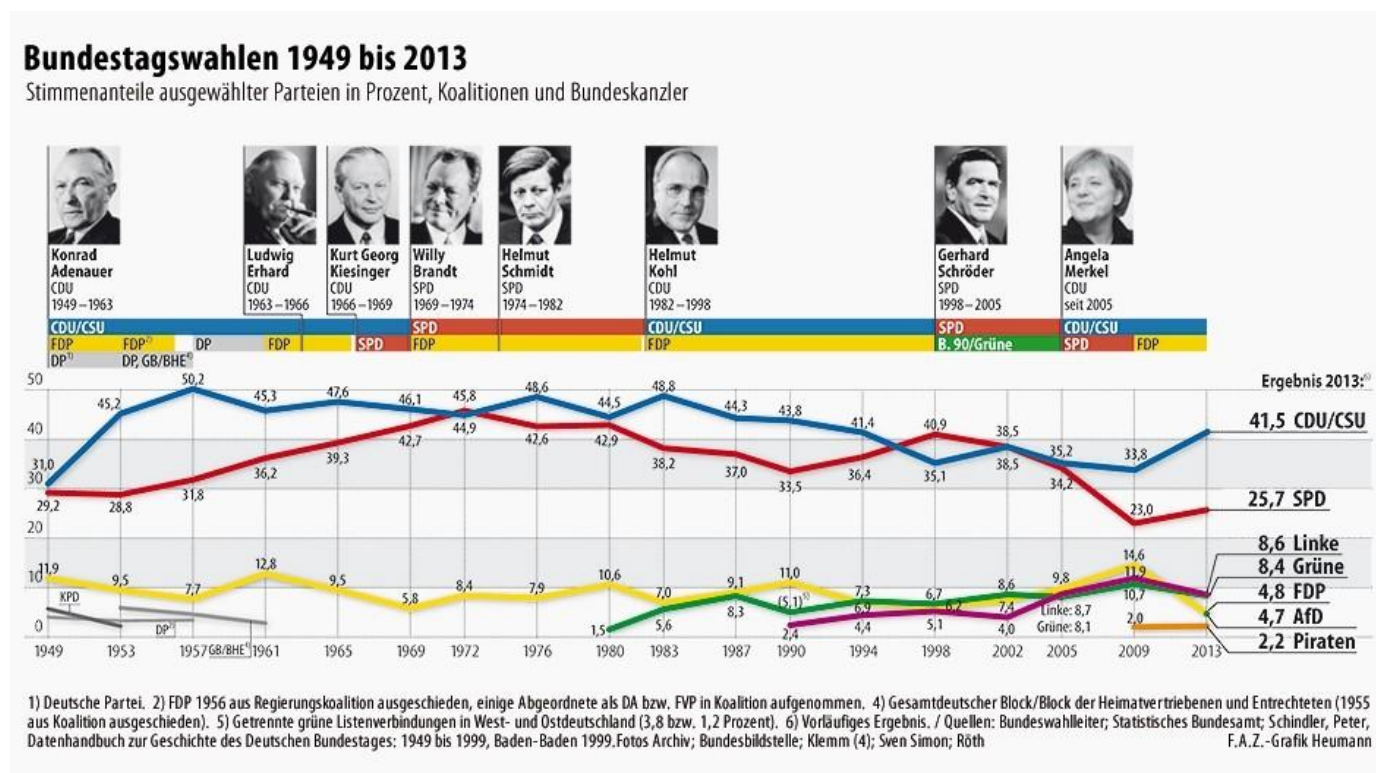


Figure 6: Elections from 1949 until 2013 (F.A.Z., 2013)

The parties with the longest tradition in the parliament are the CDU/CSU, SPD and FDP. All three parties have lost significant support since the establishment of the Bundesrepublik Deutschland. Specifically, the SPD and FDP are struggling to retain their positions with the voting population. In general, several new parties have appeared in the recent years and the political landscape has become more diverse.

4 Financing German Political Parties – the Case of Foundations

4.1 Political Foundations in Germany

4.1.1 Definition

Political foundations in Germany are unique organizations in Western European countries. There are no other comparable institutions in other Western democracies. Political foundations play an important role in contributing political education and knowledge to society. Their political education is open and free for all citizens. The foundations are very largely financed by the state. Although all political foundations are related to certain political parties, they are completely independent in terms of finance and organization. (Massing, P. 2015)

Despite their relationship to political parties, and the circumstance that their mission of political education orientates on political values of those parties, political foundations are private institutions. The organization, financing and staff of German political foundations are completely independent from political parties. The reasons for the existence of these extraordinary institutions can be found in German history. (Massing, P. 2015)

The establishment of political foundations is the reaction to the experience and fall of the Weimar Republic (1918-1933). The political parties failed to convince the citizens of the advantages of democracy. After 1945, the hope was that political foundations would contribute to the stabilization of the new Bundesrepublik Deutschland. (Massing, P. 2015)

4.1.2 Role and Function

German political foundations want to play an active role in the development of the future on the basis of freedom and democracy. The principles of the foundation are solidarity, subsidiarity and tolerance.

Political foundations have the following objectives:

- Providing political knowledge to citizens in order to motivate them to be concerned with political issues, as well as being active participants in the political process;

-
- Supporting political science, political research and consulting on political issues in order to accomplish a wider cooperation between economics, politics, state and sciences;
 - Investigating the historical development of political parties and the social and political movements in general;
 - Providing scholarships and programs for talented young people in order to ensure high quality of education;
 - Supporting art and culture through events, scholarships and restorations;
 - Providing information and international meetings in order to support the European unity and the integration process;
 - Supporting the implementation of programs and projects concerning liberal-democratic structures and human rights. (Massing, P. 2015)

Furthermore, political foundations are instruments in foreign affairs. The German Ministry of Foreign Affairs recognized in the 1960s the importance of foundations in terms of international relations, and in recent years, the value of their work has increased. Thus, many foundations have established offices abroad. The foundations are represented abroad as non-governmental organizations (NGOs). The development and foreign policy work are financed by the Federal Ministry for Economic Cooperation and Development, the Ministry of Foreign Affairs and in small shares from others ministries. (Massing, P. 2015)

The Federal Ministry for Economic Cooperation provided, in 2011, a budget of 233 million Euros for political foundations and their international political development work. According to the ministry, the international activities of foundations are necessary for establishing sustainable democracies and civil societies abroad. This includes the reinforcement of democratic key institutions like parliaments, parties and judiciaries, as well as good governing leadership and participation opportunities for civil society. The Federal Ministry for Economic Cooperation perceives that political foundations should be increasingly involved in international and global dialogue processes and contribute to relevant political development issues. Thus, they are supposed to help and to support developing and transforming countries in order to reinforce organizations of their civil society and to integrate them in the international framework of global political networks and in the structures of coordination, negotiation and decision-making of central international institutions. (Massing, P. 2015)

4.2 Konrad-Adenauer-Stiftung (KAS)

4.2.1 Establishment & Structure

The Konrad-Adenauer-Stiftung was founded in the year 1964. The foundation is named for Konrad Adenauer, a former CDU politician and the first chancellor of the Bundesrepublik Deutschland. The goal of the KAS consists of political education and promotion of youth in a Christian conservative foundation. Their headquarters are located in Bonn, which was the capital of Germany during the Cold War, but the biggest office is in Berlin. The number of memberships is limited to 55 and the board of directors decides about the admission of new candidates. There are five central departments within the organization: “politics and consulting, European and international cooperation, political education, scholarships and culture, and the archive for Christian-democratic politics.” (Heisterkamp, U. 2014, p. 233-235)

4.2.2 Political Ideology

The KAS describes its non-profit purpose based on Christian democratic values. Therefore, the KAS is related to the German political party CDU. The Christian values are the central aspect of the movement and the central point of the political work. Thus, the KAS attempts to have productive relationships with Christian and Jewish organizations. The statement of the activities is “political competence worldwide.” (Heisterkamp, U. 2014, p. 235)

The guiding principles of the organization are inspired by the social Christian theories of freedom, justice and solidarity. Another key aspect is the social market economy, which is also highly connected to the CDU program and the former German conservative chancellor Ludwig Erhard, “the father of social market economy.” As a CDU-related conservative institution, KAS wants to establish peaceful world order and represent German interests abroad. Globalization increasingly eliminates the differences between domestic and foreign policies, wherefore the KAS is exploiting its domestic resources in order to use them for worldwide activities. (Heisterkamp, U. 2014, p. 236)

The relationship between CDU and KAS is traditionally very close. The constitution of the board of directors of KAS especially shows the links between the organizations. In the board of directors of the KAS are several leading CDU politicians like Angela Merkel, Peter

Lammert, Peter Altmaier or Volker Kauder. Former influential CDU politicians like former chancellor Helmut Kohl, Dieter Althaus, Jürgen Rüttgers or Bernhard Vogel are also members of the board of directors. (Heisterkamp, U. 2014, p. 237)

4.2.3 Financing & Funding

The financial reports of the KAS are transparent and reasonable. In the year 2010, which is the reference period, the KAS received 125.6 million Euros from public funds, which corresponds to 95.6 percent of the total revenues of the organization. The German federal states (Bundesländer) provided 2.2 million Euros and 2.7 million Euros came from the EU. Donations were, with 0.2 percent of the total revenues, almost negligible. (Heisterkamp, U. 2014, p. 237)

4.2.4 Konrad-Adenauer-Stiftung abroad

The following map shows all offices of the KAS worldwide.



Figure 7: Konrad Adenauer-Stiftung worldwide (KAS 2016)

The KAS is, with almost 80 offices and projects, represented worldwide. The foundation has 560 employees in domestic offices and 80 employees in offices abroad. Particularly in Europe, the KAS is highly represented, which is not surprising because of its geographic location, its Christian values, and its claim to reinforce the European integration process. Although the focus is definitely on the European continent, the KAS is also well represented in Asia, Africa and Latin America. In North America has the KAS just one office.

Obviously, the transatlantic partnership is of extraordinary importance to the KAS. (KAS 2016)

4.2.5 Criticism and Controversies

The KAS has a wide range of networks worldwide. The network consists of approximately 12,000 persons, including ministers, state secretaries and delegates of the Bundestag. Furthermore, the KAS is currently providing scholarships for more than 3,500 students and PhD candidates worldwide. The group of persons, who received scholarships from KAS and is now sitting in the Bundestag, has increased to 44. The most well-known are the Minister of Home Affairs Thomas de Maziere and the head of the chancellery Peter Altmaier. In addition, the CSU members Christian Schmidt (Minister of Food, Agriculture and Consumer Protection) and Gerd Müller (Minister of Economic Cooperation and Development) benefited from scholarships from the KAS. (Schurmann, S. 2014)

There are three main criteria for candidates to receive a scholarship from the KAS: The applicant's general and specialized education, the applicant's personality, and the applicant's aptitude in political analysis and argument. Most students apply for scholarship at the KAS because of financial reasons and the opportunities to meet influential persons from economics and politics. There are almost no possibilities to receive a scholarship without any academic background. The parties, and especially the CDU and FDP, have become an exclusive networks of elites. However, the elite networks spread over many occasions and KAS members often meet randomly, wherefore it is difficult for them to organize in order to gain political influence. Regardless, the concentration of elites and power among the KAS should be considered carefully. (Schurmann, S. 2014)

4.3 Friedrich-Ebert-Stiftung (FES)

4.3.1 Establishment & Structure

The Friedrich-Ebert-Stiftung (FES) is the oldest political foundation in Germany. Friedrich Ebert was a former SPD chairperson and president of the Weimar Republic. Friedrich Ebert himself came from a poor family and therefore it was an important concern for him to support young people of the working class. After the Second World War, the foundation was established in 1946 as part of the SPD. The FES has been an independent organization since 1954. The headquarters are located in Bonn and the current chairperson is

the former SPD boss Kurt Beck. The FES has approximately 125 members. Membership is only possible for native Germans. (Heisterkamp, U. 2014, p. 178-179)

In order to accomplish the foundation's goal "to support the democratic education of the German citizens and the international cooperation, as well as the corporative development in a democratic way," there are several departments within the organization: political education and consulting, international cooperation, scientific research and administration. The FES is represented in Berlin, as well as in offices throughout the country. (Heisterkamp, U. 2014, p. 179)

4.3.2 Political Ideology

Although, the SPD is not explicitly mentioned in the constitution of the FES, the foundations recognizes itself as part of the social democratic family. The FES is obliged to the values of social democracy, which are highly connected to justice, freedom and solidarity. The FES wants to represent mainly people who are threatened by downward social mobility and give them a voice in the public dialogue. The representation of "small people" has always been a distinguishing characteristic of traditional social democratic policy. Furthermore, the FES also represents labor unions, which is quite unusual for political foundations. Specifically, the challenge of globalization makes it vital to organize the labor union movement internationally in order to overcome economic exploitation. The FES is an important institution for the implementation of long-term strategies. (Heisterkamp, U. 2014, p. 180-181)

A closer look at the composition of the board of directors shows the close relationship between FES and SPD. But in comparison to the KAS, there are almost no top politicians who are representing the FES in the first instance. Hannelore Kraft (Minister President of Nordrhein-Westfalen) and Kurt Beck are the only well recognized politicians. (Heisterkamp, U. 2014, p. 181)

4.3.3 Financing & Funding

The FES receives its funds almost exclusively from public funds. In the year 2010, the FES received 141.5 million Euros from public funds, which corresponds to 94.7 percent of the total revenues of 149.4 million Euros. The major part of financial support came from the state with 135.3 million Euros and just 2.5 million Euros from the Bundesländer. 3.8 million

Euros came from other institutions. The donations equaled to 468,244 Euro, which corresponds to a ridiculous 0.3 percent of the revenues. Thus, the donations are not relevant to the foundation's work. (Heisterkamp, U. 2014, p. 184)

4.3.4 Friedrich-Ebert-Stiftung abroad

The next graph shows all offices which the FES is running abroad.



Figure 8: Friedrich-Ebert-Stiftung worldwide (FES 2016)

The FES has 620 employees in total with 284 people employed in Bonn, 86 in educational centers across Germany, and 159 in Berlin. The FES has offices in more than 100 countries with 91 employees around the world. The map shows that the FES is very concentrated in Europe where the social democratic movement originally comes from. Furthermore, the FES has many offices in Latin America, Africa and Asia. In general, the FES is represented in the same region as the KAS. In North America has the FES even more offices than the KAS. (FES 2016)

4.3.5 Criticism & Controversies

Although, the connections between FES and SPD are very intensive and both organizations are sharing more or less the same ideology, the relationship between foundation and party has not always been harmonious. The relationship between FES and SPD leadership

can be described as “difficult,” like the dispute in 2010 showed. Sigmar Gabriel, the current chairperson of the SPD, suggested the reorientation of the FES because of the election blow in the year before in which the SPD had the worst result in its more than 150 year history. For that reason, Gabriel published an analysis in order to reform the FES. Among other things, Gabriel criticized that the FES is incapable of developing new strategies and plans for social democracy. One of the measures, which Gabriel suggested, was that the board of directors of the FES should be elected from members of the SPD as well. The FES refused and determined its own chairperson. (Gathmann, F. 2010)

Furthermore, Gabriel suggested the establishment of a new department within the foundation “politics and consulting.” Thus, Gabriel wanted not only change the staff of the organization, but also the organizational structure. The FES insisted on at least minimum independency from the social democratic party. Nevertheless, following Gabriel’s criticisms, the FES failed to become a modern think tank and the work of the foundation has been insufficient. (Heisterkamp, U. 2014, p. 182-183)

4.4 Hanns-Seidel-Stiftung (HSS)

4.4.1 Establishment & Structure

The Hanns-Seidel-Stiftung (HSS) has an exceptional position within the German landscape of political foundations. The HSS has in Germany only offices in Bavaria, because the HSS shares its political educational work with the KAS, which is represented across the country. The foundation is named for Hanns Seidel, a former Minister-President of the Federal State Bavaria, and the “architect of modern Bavaria.” The HSS was established in 1967 and provides political education to citizens based on Christian social values. (Heisterkamp, U. 2014, p. 334)

The foundation’s constitution regulates the structure of the organization. The organizations of the foundation are the member’s meeting and the board of directors. The maximum amount of members is limited to 40 (natural or legal person) and members elect the board of directors for four years. The current chairperson of the foundation is Hans Zehetmair, a former Bavarian Minister of Science. According to the foundation’s criteria, the HSS has four institutional backbones: academy for politics and current affairs, the institute for international cooperation, the institute for political education and the institute for scholarship systems. Furthermore, the HSS has an office for the board of directors, an office for

international relations, an office for international conferences between Washington, Moscow and Brussels, and an office in Berlin. The archive is concentrated in one department with public relations. (Heisterkamp, U. 2014, p. 335)

4.4.2 Political Ideology

Although, the CSU or the word “conservative” are not explicitly mentioned in the constitution of the HSS, there is no doubt about the Christian-conservative profile of the foundation. The HSS wants to provide democratic education to citizens on the basis of Christian values, and is represented worldwide under the claim of “democracy, peace and development.” The HSS is deeply seated in the Catholic religion. Besides Hanns Seidel, Franz Josef Strauß (former Minister-President of the Federal State Bavaria) is the outstanding figure in the history of the HSS and CSU, mainly because of his international expertise and contacts. (Heisterkamp, U. 2014, p. 336)

Especially in times of unrest and globalization, the HSS wants to provide guidance to people and illustrate the principles, connecting values and ideals of German and Western society. The HSS represents a conception of the human being conducted by Christian humanism and whose key elements are personality development, self-responsibility and social solidarity. Furthermore, the HSS promotes the rule of law and the social market economy. The HSS emphasizes its independence from the CSU and its political education is open for every citizen, but the foundation is not in the least neutral and the HSS’s political positions correspond to the CSU policy. (Heisterkamp, U. 2014, p. 336-337)

The close relationship between HSS and CSU shows also in the composition of the personnel structure of the foundation. The HSS board of directors has the exclusive right to decide about the acceptance of new members, and to exclude foundation members. The current HSS board of directors consists only of CSU politicians (Alois Glück, Ursula Männle, Ingo Friedrich and Michael Glos). Furthermore, mainly former CSU politicians like Erwin Huber, Edmund Stoiber and Theo Waigel and the current Minister-President of the Federal State Bavaria Horst Seehofer are highly involved in the decision-making process of the foundation. (Heisterkamp, U. 2014, p. 337)

The extraordinarily hegemonic positioning of the CSU in Bavaria as the party with overall majority - from 1966 until 2008, and again since 2013 - is an aspects that provides several advantages for the CSU and therefore the HSS. The relationship between HSS and

CSU can be described as symbiotic. Although, the HSS is only active in Bavaria, the foundation has a wide range of networks across the country and abroad. Thus, the CSU can use these close connection between elites for their own purposes in order to gain wide influence and establish the CSU as regional party with international ambitions. (Heisterkamp, U. 2014, p. 338)

4.4.3 Financing & Funding

The HSS receives its funds almost exclusively from public funds. In the new millennium, the HSS receives between 35 and 45 million Euros on average from public funds. In the year 2010, the HSS received 44.6 million Euros, which corresponds to 87.0 percent of the total revenues (51.3 million Euros). Thus, 42.2 million Euros came from German State (94.7 percent), 1.4 million Euros from the Federal State Bavaria and 956,485 Euros from the EU. The amount of donations was 7,610 Euros, which corresponds to 0.01 percent of the foundation's revenues. (Heisterkamp, U. 2014, p. 338-339)

4.4.4 Hanns-Seidel-Stiftung abroad

The HSS has approximately 275 employees and 30 trainees. The HSS supports over 100 projects in 60 countries. Furthermore, there are, every year, thousands of events worldwide, which the HSS organizes. The emphasize of the international work is on reinforcement of the civil society, education and management training programs, environmental issues and consulting with decision makers in politics, economics and administration. The HSS has offices in Europe, Asia, Africa, Latin America and North America. (HSS 2016)

4.4.5 Criticism & Controversies

In the period from 2003 until 2006, the HSS received too much money from the German state and had to pay back 1.8 million Euros in 2012. The foundation used the tax money for their education centers in Wildbad Kreuth and Kloster Banz, which is in contradiction to German law. Institutions are only allowed to receive public funds for their education centers' when 80 percent of their capacity is actually used for education. The Federal Office of Administration discovered the irregularity in funds usage. Originally, the Federal Office of Administration demanded 3.3 million Euros, but on behalf of Hans-Peter Friedrich (former German Minister for Internal Affairs and CSU politician) the dispute

settlement happened out of court and the involved parties agreed to the payment of 1.8 million Euros. (SZ 2014)

4.5 Heinrich-Böll-Stiftung (HBS)

4.5.1 Establishment & Structure

The Heinrich-Böll-Stiftung (HBS) was established in the year 1997. Thus, it is still a relatively new political foundation in comparison to other foundations. Heinrich Böll does not have his roots in politics, which makes the HBS an exception in the landscape of foundations. Böll was the winner of the Noble Prize in literature and an active member of the peace movement. He supported the German Green Party in the elections of 1983. The plans for establishing his own political foundation led to controversial discussions within the party. On one hand, the system of political foundations has been criticized by the Green Party. On the other hand, the establishment of his own political foundation financially was lucrative. In the end, the party found a compromise and agreed to the establishment of his political foundation. (Heisterkamp, U. 2014, p. 373-374)

The HBS has 49 members and meets annually. The board of directors consists of three persons. At the top of the organization are always one man and one woman. That measure has its origin in the women's movement of the 70s and is highly integrated in the ideology of the Green Party and HBS. The HBS has six departments: domestic political education, international cooperation, scholarship, Green Campus, archive Green memories and Green academy. (Heisterkamp, U. 2014, p. 377)

4.5.2 Political Ideology

The self-understanding of the HBS is to be an alternative to the “old foundations” like KAS or FES. This attitude has its origin in the establishment of the Green Party, which considered itself always as a “colorful anti-party” movement compared to the other parties. Especially in the beginning, the Green Party has always wanted to be different. Following that tradition, the key attribute of the HBS was complete autonomy and independency. Nevertheless, the “modern” HBS does not hide its affinity to the Green Party, but insists on its independence. (Heisterkamp, U. 2014, p. 378)

The analysis of the 49 foundation members demonstrates the perception of independency. Only eleven of the 49 foundation members are currently active participants in the parliament and none of them is a politician of the front row. The HBS considers itself primarily as a part of the green movement, and not as a think tank of a political party. The HBS represents the following values: ecology and sustainability, peaceful and direct democracy. Although the foundation has its roots in Germany, the HBS operates internationally. The HBS wants to provide democratic reforms, social innovations, equal opportunities, gender equality and ecological and sustainable developments in an international context. Thus, the HBS is not only operating in free or liberal democracies, but also in countries with totalitarian regimes or dictatorships in order to connect with the civil society and to create change within the system. (Heisterkamp, U. 2014, p. 379-380)

4.5.3 Financing & Funding

The HBS also attempts to distinguish itself from other foundations on this point. Thus, the HBS formulates high standards of transparency, which should be self-evident for every organization that receives money from taxpayers. The HBS even criticizes the practice of state funding for political foundations. In the year 2010, the HBS received 45.6 million Euros from public funds, what corresponds to 98.3 percent of the total revenues. Moreover, the HBS invested 20.4 million Euros in “international operations,” seven million Euros in scholarships and 10.7 million Euros in staff costs. (Heisterkamp, U. 2014, p. 380-381)

4.5.4 Heinrich-Böll-Stiftung abroad

The following map shows all offices of HBS worldwide.



Figure 9: Heinrich-Böll-Stiftung worldwide (Boell 2016)

The HBS has approximately 200 employees in Germany and more than 220 employees abroad. Thus, the HBS has abroad more employees than in the domestic countries, which emphasizes their focus on international relations. The HBS is represented in Europe, North America, Latin America, Africa and Asia. Nevertheless, the HBS has significantly less offices abroad than other foundations like the KAS or FES. In total, the HBS has 29 offices abroad with 160 project partners in 60 countries. (Boell 2016)

4.5.5 Criticism & Controversies

The American-European think tank Democratization Policy Council (DPC) published in 2014, in cooperation with the HBS, the publication “The Western Balkans and the Ukraine crisis – a changed game for EU and US policies?” Both authors - Bodo Weber and Kurt Bassuener - are members of the HBS. The report criticizes the European foreign policy concerning Russia as too soft, and that Europe and the U.S. should intervene in the Balkans in order to undermine Russia geopolitical positioning. Thus, the HBS suggests a more aggressive foreign policy against Russia. (Steinberg, S. 2014)

Furthermore, the publication says that Europe and the U.S. should develop a common strategy and restrict the Russian influence over the Balkans. Many of the Balkan states are dependent on oil and gas deliveries from Russia, which cannot be good for Western interests. In particular, the relationship between Serbia and Russia is described as “unhealthy” and the Western alliance should intensify its efforts to separate both states from each other. Accordingly, Weber and Bassuener, suggest an increase in the NATO presence in the Balkans and weakening the Russian gas industry by sanctions. (Steinberg, S. 2014)

Consequently, the HBS and Grünen play an important role in foreign policies and suggest measures, which are totally in contradiction to the foundation and party’s principle of peace. Furthermore, the Green Party agreed in coalition with the SPD to the first German military interventions after World War Two in Yugoslavia and Afghanistan. Critics claim that the German green movement has transformed and cannot be considered as peaceful anymore. It is also very questionable if a military confrontation with super powers like Russia is beneficial for the European continent. Thus, the role of the HBS should be seen very critical in this context.

4.6 Friedrich-Naumann-Stiftung (FNS)

4.6.1 Establishment & Structure

The Friedrich-Naumann-Stiftung (FNS) was established in the year 1958. Friedrich Naumann was a Christian theologian. Naumann is regarded as pioneer of modern organized liberalism. During World War I, and in the middle of revolutionary movements across the country, Naumann founded a political education institution in Berlin. After World War Two, politicians within the FDP started to formulate the desire to establish a foundation in this tradition in order to overcome the party's crisis. (Heisterkamp, U. 2014, p. 286)

The FNS has its headquarters in Königswinter near Potsdam-Babbelsberg. The management of the FNS consists, since the 1980s, of famous FDP politicians like Wolfgang Gerhardt, Lord Ralf Dahrendorf, Wolfgang Mischnick or Otto Graf Lambsdorff. The objective of the foundation is to provide knowledge on the bases of liberal, social and national values in the sense of Naumann. In order to accomplish that goal the FNS has several departments: resources and administration, policy and research, liberal institute and the archive of liberalism. Furthermore the FNS provides scholarships for students and has an department for international politics. (Heisterkamp, U. 2014, p. 287-288)

4.6.2 Political Ideology

Although, the FDP is not directly mentioned in the constitution, there is no doubt about the political positioning of the FNS. The key value of the foundation is "freedom." In 2007, the foundation even changed its name to "Friedrich-Naumann-Stiftung für die Freiheit" in order to stress the freedom aspect. However, the freedom term is difficult to characterize and it often remains unclear for what it really stands. Therefore, the FNS published in 1993 a written statement of policies and clarified that the freedom of citizens is the basis for the realization of other human values. The protection of individual freedom is the essential task of the state. Thus, the FNS follows an agenda to extend freedom in all spheres of people's lives and to reduce the role of the state to the necessary minimum. (Heisterkamp, U. 2014, p. 288-289)

Furthermore, the FNS endorses civil rights, democracy and market economy. In addition, the FNS supports freedom movements against totalitarian regimes worldwide. However, the quest for freedom is not a one-way-street and every citizen has to show self-

initiative in order to fill the term “freedom” with life. An interesting note is that the FDP until 1966, when the resolution concerning state funding for political foundation was passed, did not show much interest in its foundation. After 1966, the FNS and FDP intensified their cooperation, especially concerning staff. Accordingly, the FNS transformed in the 1970s to an aid agency of the FDP. The party was completely administered by FDP staff. In the 1980s, the FNS developed its current independent profile. (Heisterkamp, U. 2014, p. 289-291)

4.6.3 Financing & Funding

The funding and financing situation of the FNS is transparent and reasonable. In 2010, FNS received 42.7 million Euros funds from the state, which corresponds to 91.8 percent of the total revenue. Thus, the share of funds on the revenues is less than in comparable foundations. The German federal states (Bundesländer) gave 1.2 million Euros (2.6 percent) and the funds from the EU amounted to 1.4 million Euros (3.0 percent). The donations for the foundation were 2.3 million Euros and therefore significantly higher than in other foundations. The FNS spent 21.0 million Euros for domestic work and 25.5 million Euros for foreign activities, mainly in Asia, countries of the former Soviet Union, Mediterranean countries, Latin America and Africa. (Heisterkamp, U. 2014, p. 292-293)

4.6.4 Friedrich-Naumann-Stiftung abroad

The following map shows the foundation’s offices worldwide.

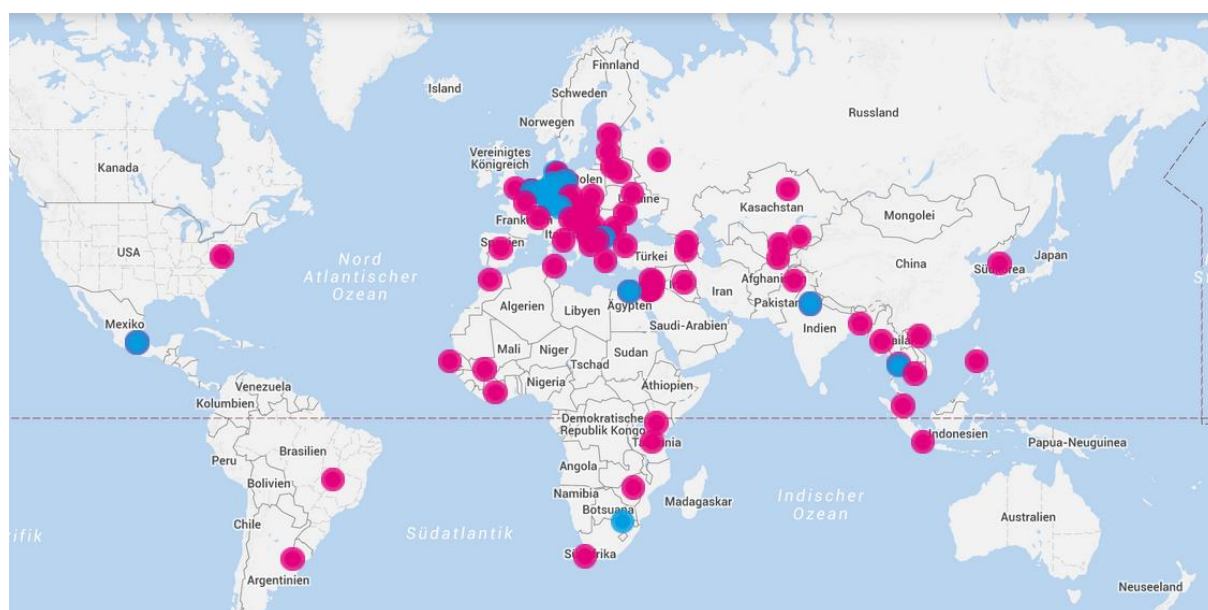


Figure 10: Friedrich-Naumann-Stiftung worldwide (Freiheit 2016)

The FNS has 200 employees worldwide. Thus, 170 employees are working in Germany and 30 abroad. The FNS has 60 offices across the globe. The FNS is represented in North America, Latin America, Africa, Asia and, of course, Europe. Most offices are located in Europe, especially in the EU. In comparison to other foundations, the FNS has only four offices in North and South America combined. The FNS has also fewer offices in Africa and Asia than other political foundations. (Freiheit 2016)

4.6.5 Criticism & Controversies

The FNS had to close its office in Morocco in 2016. The FNS awards annually the “Raif Badawi Prize for brave Journalists” and after a Moroccan journalist (Ali Anouzla) won the award in 2015, the Moroccan government pressurized the FNS. In order to protect the employees and their families, the FNS closed its office in Morocco. It is unknown if or when the office in Morocco can be reopened. Nevertheless, the FNS does not want to stop its actions in Morocco because they have started already many projects in the country and many politicians count on them. (Scheffer, U. 2016)

In the same year, the FNS had also to close its office in Egypt because of growing mistrust against Western think tanks in general. The FNS faces currently the same problem in numerous states in Africa, Asia and Latin America. In the eyes of the foundation, and also the German Ministry of Foreign Affairs, totalitarian regimes are fighting against civil rights and the freedom of expression. Thus, the work of political foundations is severely affected by this development. (Scheffer, U. 2016)

4.7 Rosa-Luxemburg-Stiftung (RLS)

4.7.1 Establishment & Structure

The Rosa-Luxemburg-Stiftung (RLS) was established by the PDS (earlier name of the party “DIE LINKE”) in 1992. The PDS is the legal follower of the SED – the former regime party of the German Democratic Republic (East Germany). In 2007, the PDS and WASG merged and since then the party has been “DIE LINKE”. The RLS is the only political foundation named for a woman. Rosa Luxemburg was a Polish Jewish communist and was honored by the RLS as an outstanding democratic socialist thinker. Rosa Luxemburg immigrated to Germany in 1898 and joined the social democratic party (now the SPD). She became a representative of the working-class movement and was murdered in 1919 by a right-

wing nationalist, which made her a martyr to the cause. In our day, Rosa Luxemburg remains a very controversial figure for many people. (Heisterkamp, U. 2014, p. 417-418)

The RLS has its headquarters in Berlin and the foundation's mission is to support freedom of expression and solidarity in terms of humanism, democracy and an international spirit. Every individual should have the opportunity to live gracefully. The RLS has 150 members (only natural persons) and promotes equality. Significant is in this context that 50 percent of the members are women. Furthermore, members of the Bundestag or any other federal parliament are not allowed to be part of the board of directors. The RLS organizational structure consists of eight departments: academy for political education, regional offices, scholarships, center of international dialogues, institute for society analysis, archive of democratic socialism, political communication, and administration. (Heisterkamp, U. 2014, p. 419-420)

4.7.2 Political Ideology

The Linkspartei (DIE LINKE) is not explicitly mentioned in the constitution of the RLS, however, there is no doubt about the political classification of the RLS and its closeness to the Linkspartei. The political ideology is democratic socialism, which has its origin in the working-class movement, feminist movement, anti-fascism and anti-racism. The mission of the RLS is to support the less privileged. The RLS dissociates itself from the current course of German policy-makers and criticizes neo-liberalism. The RLS believes that an alternative is possible and that left-wing revolution will come. Therefore, socialism fights against patriarchies, the exploitation of the working class and racism. Furthermore, the RLS promulgates ecological sensibility and pacifism. (Heisterkamp, U. 2014, p. 421-422)

The Linkspartei considers the RLS as an important think tank for its own purposes as well as for the international left-wing movement and other domestic socialist organizations. For example, the RLS described the global financial crisis as a crisis of an unregulated financial market and blames capitalism as the reason for the crisis. Furthermore, the RLS is an important indicator in the left-wing spectrum of the society. The foundation helps to build networks across borders and to connect with other progressive intellectuals in order to discuss and develop new models for a peaceful and social world. (Heisterkamp, U. 2014, p. 422-423)

4.7.3 Financing & Funding

The financial resources of the RL continue to increase, because of its recent successful election results, in particular in 2005, 2009 and 2013. Thus, the RLS increased its funds from 30.4 million Euros in 2010 to 41.4 million Euros in 2011. Therefore, the RLS received 9.3 million Euros from the Ministry for Inner Affairs, 7.4 million Euros from federal states (Bundesländer) and 22.9 million Euros from Federal Ministry for Economic Cooperation and Development. Donations were just 16,919 Euros, which corresponds to 0.04 percent of total revenues. (Heisterkamp, U. 2014, 2014, p. 426-427)

4.7.4 Rosa-Luxemburg-Stiftung abroad

The following shows RLS' offices worldwide.



Figure 11: Rosa-Luxemburg-Stiftungworldwide (LRS 2016)

The RLS has approximately 190 employees and 56 percent of these are female. Twenty employees are working abroad. Furthermore, the RLS supports 130 lecturers with financial resources. Currently, the RLS provides scholarships for 800 persons. In comparison to other foundations, the RLS is therefore still a small organization, which a closer look on the map reflects. Although, the RLS is represented in North America, Latin America, Africa and Asia, the foundation has just a few offices on each continent. The KAS, for example, has the same number of offices on the American continent alone as the RLS in America, Africa and Asia combined. Nevertheless, the RLS as a foundation is growing. (RLS 2016)

4.7.5 Criticism & Controversies

In the year 2012, the RLS opened its office in New York City. During the opening ceremony, Gregor Gysi, one of Germany's most important left-wing politicians praised, among other things, the American labor units as a link to the international socialist movement. In the New York City office, the RLS hired employees, but did not provide them contracts with any job security. If the employee becomes seriously ill and cannot work fulltime anymore, the RLS had the right to fire the employee. Furthermore, employees only received a so-called "Job Offer Letter", which allowa the RLS to end the contract anytime. Although, this kind of contracts are common in the U.S., it is considered to be hypocritical to offer the same kind of contracts to employees within an organization which is actually attempting to strengthen the rights of working people. (Ladleif, F. 2015)

In the months following the office's opening, the employees of the RLS in NYC tried to organize a labor unit, which was praised a few months ago. The atmosphere between staff and management became tense. Ultimately, the person who initiated the organization of a labor union lost her job, officially because of financial reasons. The fired person complained about her treatment, but never got the opportunity to explain herself in either NYC or Berlin. Afterwards, the RLS explained that the foundation allowed itself some regulation in order to design its contracts for employees. Nevertheless, the RLS had some flexibility in paying white male persons more than women or Afro-Americans in their office in NYC. (Ladleif, F. 2015)

5 Problems of Foundations – Corruption, undue Influence and Lobbying

5.1 General Criticism

German political foundations are undoubtedly extraordinary organizations. The German political party system is special in terms of connection between political parties and their own foundations. This system has its roots in the period after World War II when the young democracy was unstable. More than 60 years later, foundations are deeply established within the political system. However, the wider German population is still not even aware of the work of these foundations. This situation begs the question: are political parties not sufficient in themselves to organize a democratic system and are political foundations really necessary for a democracy? These questions arise automatically.

Germany is the only country in the world that has such a system so obviously there are definitely alternatives to the current system. There are countless democracies in the world which are not dependent on foundations and yet still run efficiently. Of course, none of these systems might be perfect either and probably all of them have their own weaknesses. Nevertheless, political foundations are not essential for a functional democracy. Maybe a democracy is even better off without political foundations. However that might be, there are no studies existent that could prove or disprove this assumption.

The main purpose of political foundations is to provide political knowledge and to educate citizens. This might be a pro-argument but only on first glance. The educational system of a country has the task to provide education through schools or universities to the population. Consequently, the German educational system is not working sufficiently if it is not covering political education of its citizens. It is problematic, when political foundations or parties whose goal is to win elections, and therefore cannot be neutral, are doing the job of schools or universities.

Instead of giving foundations, which are not neutral organizations and follow or promote their own political interests, the money from taxpayers could be easily provided to school or universities directly. The money could be invested in the modernization of the current educational system. The scholarship system, which supports only a few talented individuals, can also be criticized in this context.

5.2 Insufficient Transparency

In the year 2014, political foundations received 466 million Euros from state funds. However, only parties which are currently represented in the Bundestag receive this money. Smaller parties are excluded from this largess, which is rightfully considered to be a competitive disadvantage. Thus, the ÖDP – a small party, which is not represented in the Bundestag – sued to stop this practice, but lost in court. In addition, funds to political foundations from the German state increased by nearly 50 percent over a period of ten years. Furthermore, several departments of the government also provide money for political foundations besides the money already mentioned. There is no central institute which is tracking the exact amount of financial benefits for the foundations. Some legal experts complain that the financing of political foundations is nothing else than hidden financial support for parties. (Matheis, K. 2015)

The reason for the significant increase of funds over the last ten years can be found in the changed political situation worldwide. Many funds are bound to certain projects and several ministries also receive more financial support from the government. Developments in foreign affairs especially have influenced this trend. However, it is the increased funds concerning domestic political work which makes critics sceptical. Experts doubt that decision-makers are not free from self-interests when they have the opportunity to support their own ideology. (Nokel, C. 2015)

Significantly, both of the two largest political foundations, KAS and FES, received five million Euros more than the previous year. The German Bundestag explained this measure by stating that political education in Germany has to be strengthened, that election turnout is decreasing and that there is a general disenchantment for politics within the population. Furthermore, there are the phenomena of religious and political extremism which fuel the fear. (Nokel, C. 2015)

In the year 2015, there were numerous public events and thesis papers from political foundations which promoted the work of their “mother parties”. For instance, the KAS mentioned reasons during a public presentation on why the CDU/CSU is still so successful; the FES published a thesis paper which described the advantages of a new law (made by the SPD); and the FNS published an article in order to attack a political opponent on the website of the FDP. (Matheis, K. 2015)

According to Transparency International, transparency in the funding of political foundations is missing, and decision-makers are using this lack of transparency for their own purposes by increasing financial support every year. In 2013, the year of last elections in Germany, state funds for political foundations increased by 100 million Euros.

On the contrary, officials from foundations reject this impeachment. Foundations claim that their funding is transparent and reasonable. The standards are even higher than in private enterprise. Although Transparency International agrees with that statement, the NGO condemns it stating that the taxpayer, who is actually financing the foundations, does not know what exactly happens with his money. For example, foundations publish every year an accounting of their spending, but under the heading like “50 million Euros for international cooperation”. What exactly happens with this money remains unknown and the foundations refuse to give any further information. In general, foundations are only obliged to the ministries who are providing the fund but not to the public. (Nokel, C. 2015)

The non-transparency of political foundations is also criticized by researchers from “Die Welt”, who investigated the practices of political foundations. In the opinion of the authors, the foundations have developed dubious methods in order secure their wealth. There are no controls over what purposes the money is really used. On the top of that, even if public authorities find some irregularities concerning funding, the consequences are not serious, because political foundations are under the protection of the government. The population remains vague about the usage of their tax money. (Lutz, W. and Müller, U 2014)

Another criticism is that political foundations have accumulated ridiculous amounts of wealth over the time. Political foundations own real estate throughout Germany. They have their own academies, publishing houses, libraries and archives concerning the party’s history. The RLS, for instance, publishes its own Marx-Engels literature and has a Karl Marx museum in Trier. Nevertheless, compared to other foundations, which have considerable artistic treasures, oriental exhibits or even fossil museums in their portfolio, the RLS sounds almost modest. (Lutz, W. and Müller, U. 2014)

Experts see a conflict of interests in the relationship between parties and foundation. The independency between party and foundation is no more than an illusion. Political foundations have a major stake in their associated parties success in elections because the more votes the party gets, the more money the foundation gets. (Matheis, K. 2015)

However, the FES, for instance, cannot see any conflict of interest. The FES has some stated principles, such as important SPD are not allowed positions in the FES and SPD at the same time. A close look at the directors of the board cannot confirm this statement. Hannelore-Kraft, for example, is the current Minister of Nordrhein-Westfalen and highly involved in the FES. Another principle is that FES is supposed to keep some distance from the related party, especially during elections. It is also not allowed to support politicians with foundation's resources. In real life, it is not more than just a theory. Many foundations violated these principles in the past and continue to do so. (Nokel, C. 2015)

It is the opinion of Transparency International that a distinction between party and foundation is not possible. Almost every party or foundation violates the principle of independency. The financial support of foundations remains a party support. (Nokel, C. 2015)

The allocation of funds happens on the bases of an agreement between the six political foundations. Thus, there is a grace period for parties, which did not pass the 5 percent threshold in the last elections. The FDP for instance, failed and is currently not part of the Bundestag, but its associated foundation, the FNS, still received funds of more than 100 million Euros in past years. This procedure is also criticized as unfair to smaller parties. The AfD had, in the last election, nearly the same amount of votes as the FDP but does not receive any funds. Nonetheless, should the FDP fail one more time in order to become a member of the Bundestag, it would mean the end of the FNS (Matheis, K. 2015)

5.3 Revolving Door Effect

Political foundations give politicians the opportunity for a “second career” after their time in the parliament has come to an end. Kurt Beck, former Minister-President of Rheinland-Pfalz, Hans-Gert Pöttering, former President of the EU Parliament and Kerstin Müller, former Minister of State for Foreign Affairs, are all examples for politicians who are now working for political foundations. Furthermore, many members of the Bundestag are deeply involved in the activities of foundations. Politicians like Angela Merkel, Frank-Walter Steinmeier, Volker Kauder, Thomas Oppermann, Horst Seehofer, Katja Kipping, Christian Lindner etc. are working in politics, parties and foundations and building a tight-knit network. (Lutz, W. and Müller, U. 2014)

LobbyControl, an organisation which reveals lobbying in Germany, criticizes the close connection between politics and private businesses, especially the so-called “revolving door

effect”. After their political terms expire, politicians change to private business. Usually they are working for a company which is related to their duties and interests during their time in office. In past years, there have been some controversial changes from politics to the private sector. One of them is the case of Dirk Niebel. Niebel is a former Minister of Defence. During his term in office, he was responsible for the approval of weapon exports. When the FDP did not pass the 5 percent threshold in election, he changed to the company Rheinmetall, a major producer of armaments. Consequently, Rheinmetall benefited from Niebel’s decisions in his term. Therefore, LobbyControl demands that changes like this should be forbidden in the future, at least, not in the first years after a politician’s term. A similar regulation can be also applied for staff changes between parties and foundations. (LobbyControl 2014, p. 6)

Nevertheless, changes between private business and politics are always controversial. Personnel changes between political parties or foundations are not part of the public perception because most citizens are simply not aware of this practice.

5.4 Elite Networks

Political foundations characteristically concentrate power. The composition of the directors of the board shows the interrelations between parties and foundations. The personnel changes between foundation and party are happening fluidly and are not regulated. The scholarship system, which all foundations provide, is only limited to talented people. Thus, most famous politicians have been supported in the past by political foundations.

This practice causes the formation of closed circles of politicians. All political foundations also organize regularly events for members and scholarship holders. The result is the establishment of elite networks, which, because of a lack of transparency, are not regulated, controlled or watched. Therefore, the structure of these elite networks is opaque and not seen by the population.

5.5 International Influence

German political foundations are major actors on the international stage of diplomacy. Therefore, all foundations have international offices abroad. All foundations attempt to build international networks and want to gain influence in an international context. This development is controversial and raises questions if their actions are not undue influence on sovereign states?

A good example of the influence of political foundations is the role of the KAS in the Ukraine conflict. The KAS was directly involved in the electoral campaign in the Ukraine by financing Vitali Klitschko and his political party UDAR. Thus, Klitschko has become the new mayor of Kiev in 2014. Furthermore, the KAS provides help and assistance in order to develop democratic structures in the Ukraine. According to Klitschko, Germany is the role model for a functional state for the Ukraine. Therefore, the German support is welcome (Korinth, S. 2015)

Nevertheless, the KAS is following its own goals and objectives by supporting foreign political parties. The KAS proclaims frequently that the Western alliance in the form of the NATO and EU should stay together. Thus, the support of the Ukraine is definitely not just disinterested charity in order to support democracy in a different country. The KAS sees the Ukraine correspondingly as a new member state of the EU with great potential for economic growth. Consequently, the KAS is an active party in the geopolitical confrontation between Russia and the West. (Korinth, S. 2015)

The KAS organizes also events and conferences. Klitschko is one of the regular participants in these which underpins the close relationship between Klitschko and the foundation. Klitschko constantly gets the opportunity to explain himself and the KAS supports him. (Korinth, S. 2015)

The question remains unanswered, if political foundations, and therefore actual political parties, should be allowed to influence foreign politics. Political foundations are not free from ideology and will always promote their own agendas. Of course, politics has become more global and governments have always tried to influence each other by its Ministries of Foreign Affairs. But the efforts and practices of political foundations definitely have a new quality. The financing of foreign political parties in order to gain political influence abroad should be seen very critically.

6 Conclusion

The thesis provides a general description of the German political system in terms of party financing. The goal of the thesis was to show the inconsistency between money, decision-makers and politics. Therefore, a major focus is on German political foundations and their specific role in the political landscape. The thesis analyzes the role of political foundations, their related political parties and their influence on politics.

The author of this thesis formulated at the beginning of work the following list of questions and tried to provide answers:

- How does the German political system function?
- How do political parties finance their campaigns?
- What are political foundations and how are they connected to political parties in Germany? What is their mission?
- What are main activities of political foundations in Germany?
- Do political foundations offer opportunities for corruption and lobbying?
- Are political foundations a threat to democracy?

Furthermore, the thesis provides suggestions for improvement in the German political system in order to make the political system less susceptible from influence outside.

The thesis starts with theory and provides some basic knowledge about parties and party financing theories. First, the chapter gives a precise definition about parties. It explains what a political party exactly is and what functions it has in the democracy. Then, the chapter introduces basic types of political parties (cadre parties and mass based-parties) and what role political parties play in democracy. The different party systems (multi-party system, two party system and single party system) are also introduced in this chapter. The main source for this part of the thesis is the work of *Duverger, M Political party (2016)*. The next part of this chapter goes much deeper into the topic of party financing. The chapter explains “Party Financing and the Logic of Collective Action” and “Party Financial Strategies in a Free-Riding Society”. Thus, several concepts of party financing are introduced, in particular the clientelistic mass party, the externally financed elite party, the self-financing elite party and the cartel party. The last part of the chapter distinguishes between party finance in populist and liberal theories of democracy. The source there for is *Hopkin, J. The Problem With Party Financing: Theoretical Perspectives on the Funding of Party Politics (2004)*.

The next chapter explains the German political system. The chapter starts with an explanation of the role and function of political parties in Germany and a general description of basic rules on political parties in terms of financing and funding. Afterwards, the chapter gives details about the financial situation of the most important German parties and how they finance themselves. The sources for this part of the chapter are documents from the *German Bundestag* and the *Bundeszentrale für politische Bildung*. The last part of the chapter introduces all relevant German political parties (CDU, CSU, SPD, FDP, GRÜNE, LINKE and AfD) and provides an overview about their ideology, history and politicians. The main sources for this part are information from the official websites of the political parties (*spd.de* for instance) or once again information from the *Bundeszentrale für politische Bildung*.

The next chapter is the discusses the case of political foundations. First, the chapter explains what political foundations exactly are. The role and function of political foundation are also included. The source there for is the *Bundeszentrale für politische Bildung*. In the next step, the chapter introduces all six German political foundations: Konrad-Adenauer-Stiftung (KAS), Friedrich-Ebert-Stiftung (FES), Hanns-Seidel-Stiftung (HSS), Heinrich-Böll-Stiftung (HBS) and Rosa-Luxemburg-Stiftung (RLS). This part provides for every foundation's information concerning the establishment and structure of the foundation, their political ideologies, their activities abroad and closes with a description of some controversies in the past and criticism. The main source in this chapter is *Heisterkamp, U. Think Thank der Parteien? Eine vergleichende Analyse der deutschen politischen Stiftungen* (2014). Furthermore, political articles from newspapers (for example Tagesspiegel or Süddeutsche Zeitung) or information from foundation's websites (www.kas.de for instance) are used in this chapter.

The last chapter of the thesis is "Problems of Foundations, Corruption, undue Influence and Lobbying". The chapter starts with a general criticism of political foundations and questions if political foundations are necessary for a democracy. The next part criticizes the insufficient transparency of political foundations. *The sources are Lutz, W. and Müller, A. Das Kartell der Staatsplünderer* (2014), *Nokel, C. Steuermillion für politische Stiftungen* (2015) and *Matheis, K. Parteinähe Stiftungen bekommen weiter Geld* (2015). Furthermore, quotes from Transparency International are also included in this part. The next point explains the so-called "Revolving Door Effect" and applies some theories from the anti-lobbying organization *LobbyControl* in order to avoid it. The last part of the thesis criticizes the establishment of elite networks in foundations and international influence of German political

parties with the Ukraine conflict (*Korinth, S. Klitschko: Wir gehören zum Westen (2015)*) as an example.

The thesis shows that financing and funding of political foundations should be viewed, at least, skeptically. Political foundations are, in fact, organizations of political parties and the alleged independency does not exist in reality. In fact, a closer look at the board of directors of political foundations shows the strong bonds between parties and foundations. Thus, it is not ethical that the state is providing funds for parties and foundations at the same time.

However, most German citizens are even not aware of the activities of political foundations. The topic is not well reported in the general media and the lack of transparency makes it difficult for the public to understand the role of foundations. Further information and clarity are very rare.

The thesis is providing a basic overview about the topic. Nevertheless, the author is aware of the thesis limits. Especially, because this topic is not well represented in the media, there are still many possible topics in this field of research. The elite networks are for example, not transparent in many areas including scholarships. Thus, it would be interesting to know in which positions of politics or economics former scholarship holders are working currently.

Furthermore, the actual international influence of political foundations remains unknown. In the most cases, it is not clear which politicians, parties or other organizations are receiving financial support from foundations and what agenda they are promoting with this money.

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