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HOW TO BUY VOTES AND LOSE ELECTIONS:

LESSONS FROM THE GERMAN EXPERIENCE

Finer Memorial Lecture 2002

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Launched in September 2000, the Keele European Parties Research Unit (KEPRU) was the first research grouping of its kind in the UK. It brings together the hitherto largely independent work of Keele researchers focusing on European political parties, and aims:

- to facilitate its members' engagement in high-quality academic research, individually, collectively in the Unit and in collaboration with cognate research groups and individuals in the UK and abroad;
- to hold regular conferences, workshops, seminars and guest lectures on topics related to European political parties;
- to publish a series of parties-related research papers by scholars from Keele and elsewhere;
- to expand postgraduate training in the study of political parties, principally through Keele's MA in Parties and Elections and the multinational PhD summer school, with which its members are closely involved;
- to constitute a source of expertise on European parties and party politics for media and other interests.

The Unit shares the broader aims of the Keele European Research Centre, of which it is a part. KERC comprises staff and postgraduates at Keele who are actively conducting research into the politics of remaking and integrating Europe.

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Let me begin by saying how very much I appreciate this invitation by the Department and the University to deliver this year's Finer Memorial Lecture and, with it, the opportunity to revisit Keele. I first came here in 1957, when it was still the University College of North Staffordshire, to be interviewed for an Assistant Lectureship. A number of its qualities attracted me to Keele – its innovative course structure, the fact that it was residential, something I had grown used to in my days at Cambridge, and the presence here of a number of friends. That was also the first occasion on which I met Sam, though I was, of course, already familiar with his writings. In the event I was not appointed to the vacancy here, so I had to make do with an alternative offer from Oxford – a humiliating climb-down, as you may imagine, for a Cambridge man.

After 1957 I bumped into Sam quite regularly, mainly at conferences of the Political Studies Association, and then our paths converged when he was appointed to the Gladstone Chair at a time when, as it happened, I was chairman of the Oxford Politics sub-faculty. That did not turn out initially to be a happy encounter. Sam had a poor opinion of our way of doing things and we were sceptical of his choice of remedies. What emerged was an interesting, though not that unusual role reversal, with Sam as the incoming Conservative reformer and me as the Radical dedicated to the status quo. The radicals, i.e. the conservatives, won and Sam was very cross. For at least a fortnight he would not speak to me, but those of you familiar with his craving for an audience and the full-time love-affair with the sound of his own voice will not need to be told that this Trappist phase could not last. We became even closer when we became near neighbours and I would pop into his house to discuss painting, opera and progress on the History of Government and to admire his library on swaying DIY bookshelves spread over three

floors of his house.

Trying to choose a subject for this lecture naturally led me to reflect on his contribution to political studies. This consisted, if I may grossly oversimplify, of two complementary research paths. One dealt with the institutions of government, the formal structures through which policies are formulated and implemented and the manner in which debates about the choices are carried on. The other dealt with the hidden forces, the unconventional regime forms, the indirect channels of influence. He first embarked on this path in his study of lobbying, *Anonymous Empire*, and followed it with his study of military rulers, *The Man on Horseback*. In each case he was concerned to make us reflect that what appeared to be the abnormal might in fact turn out to be the normal. When I therefore went on to ask myself what he would have turned his mind to after finishing the *History of Government*, the answer came to me in a flash: he would have chosen sleaze. Had he not already written, ‘The practitioners of politics have become professionals, and to all intents and purposes they are operating a closed shop. It is time to break it open’? Few doors in the shop of politics are more effectively barred than that leading to the link between money and elections. My own researches into this topic in recent years have taken me to Germany; let me therefore offer you my thoughts on what we can learn from the German experience.

Let me begin near the end and then move to near the beginnings. In November 1999 German politics was convulsed by the revelation that Helmut Kohl, for 25 years leader of the Christian Democratic Union, the Chancellor of national unification who had held that post for sixteen years, longer than Konrad Adenauer and only three years short of

Bismarck's record, had for years been presiding over unrecorded party accounts amounting to twelve million Deutsche Marks (about £4M), including over one million from a fugitive former arms dealer, Karl-Heinz Schreiber; that the CDU branch of the Land of Hesse had salted away twenty-two million DM abroad, which had since grown to nearly thirty million; that there were strong suspicions of large donations from the French energy company Elf-Aquitaine as well as from two German corporate giants, Siemens and Thyssen, in connection with East German privatisations and the sale of armoured vehicles to Saudi Arabia; and that there had been transfers of money, again unrecorded, from the Bundestag caucus of the CDU to the party coffers, despite the strict legal requirement to keep the two accounts separate. What caused the stir was not the exposure of sleaze in itself - Germans are not so naïve as to oppose that public life proceeds completely without used bank notes in plain brown envelopes - but its extent and the way it penetrated the highest reaches of the political class. The consequences of the exposure were as dramatic as the exposure itself. Kohl was obliged to resign from his honorary chairmanship of the party. His successor as party leader who was also chairman of the Bundestag caucus, Wolfgang Schäuble, resigned from both these posts over the transfer of caucus funds. The Bundestag's investigating committee found that there were massive deletions from the computer records in the Federal Chancellery. The CDU's ratings in the opinion polls plummeted and it did badly in a series of Landtag elections.

Why was this a serious matter? It was serious not only because it exposed a defective moral sense in some senior German politicians, but because everything that had been exposed was not merely illegal but in breach of the constitution. The Basic Law of the Federal Republic, adopted in 1949, was – at that time uniquely – explicit about the rights

and duties of political parties. Article 21(1) stated that ‘political parties participate in forming the political will of the people’. In return for this grant of constitutional legitimacy they incurred obligations: ‘They shall publicly account for the sources of their financial means.’ But this apparently straightforward constitutional requirement was merely one stage in a much older public controversy. As in most countries, campaign funds in Germany are not evenly distributed across the political spectrum, but in contrast with most other countries this imbalance has given the Left a structural advantage. Even before the First World War the Social Democratic Party (SPD) possessed a model fund-raising organisation. It had over one million paid-up members, an annual income of 1.36M Reichsmark (£68,000 at the then rate of exchange) and assets worth over two million RM. Once payments for members of parliament were introduced in 1906, SPD deputies were expected to pay part of their allowance into party funds (this has become known as the ‘party tax’). Right-of-centre parties and candidates were much more dependent on *ad hoc* contributions. This did not necessarily mean that they had less money to spend; it did mean that they could not plan ahead as well as the SPD, or maintain an adequate office staff, and that they risked being beholden to large individual, corporate or lobby-group donors. This imbalance of resources continued in the Weimar Republic, with the right-of-centre parties more than ever dependent on money from business. It was under these conditions that a financing device emerged that was to play a major role in the Federal Republic, the funding agency (‘Förderverein’). Although some donors continued to channel money directly to a party or one of its branches, business in general preferred to pool its resources in anonymous donor bodies, which in turn distributed campaign largesse to selected parties. That was one reason for the clampdown adumbrated in the Basic Law. A more persuasive reason was the widespread belief – not,

as it happens, supported by evidence either at the time or since – that big business had bankrolled the Nazi Party's rise to power. But whatever the facts of that episode, the Federal Republic began life with a commitment to transparency in campaign finance.

The time has therefore come to have a look firstly at the actors involved in the implementation of this commitment and secondly at the stages by which this implementation came about. Those involved in the cash-vote nexus fall into five categories. There are *firstly* the political parties themselves. It is they, not individual candidates or politicians who are overwhelmingly the recipients of this money. German electoral campaigns are fought between parties. The views of individual candidates on particular issues have little impact on voting outcomes. There is no equivalent in German politics of the American Political Action Committee that intervenes to influence a primary election or a constituency nomination. There are *secondly* the donors, who are either party members paying a subscription, or corporate or individual donors and, from the 1960s onwards, the state. There is *thirdly* the Bundestag which legislates on these matters, though I do not need to tell you that what it legislates reflects its party composition at any given time and is therefore not necessarily disinterested. For that reason our *fourth* and *fifth* actors have become increasingly important. They are the Federal Constitutional Court (FCC), which has pursued an increasingly interventionist course here, and the media, whose self-appointed task it is to rake muck. They are the only two among the five actors who have no direct stake in the outcomes; their role has not always been exercised consistently or beneficially, but life would be very different if they did not exist.

Mutatis mutandis West German party politics and party funding resumed in 1949 where it had left off in 1933. The SPD quickly re-formed itself, reclaimed the funds and property seized by the Nazis and had built up its membership base to some 600,000 by the time of the first Bundestag election. The parties to the Right were new and therefore had the same recruitment and financial problems as their predecessors. Indeed Helmut Kohl, giving evidence to a Bundestag committee of enquiry, excused his party's financial delinquencies on the grounds that they had served to compensate for the inequality of opportunity ('Chancenungleichheit') inherent in the German system. The right-of-centre parties therefore resorted to the device already familiar from the Weimar Republic, that of the supporting agencies, which in 1954 combined to form the Staatsbürgerliche Gesellschaft (SV), or Association for Citizenship. It is from this point onwards that we witness the dialectic between a partisan Bundestag and a generally non-partisan FCC.

In 1954 the Bundestag decided to make donations to political parties tax-deductible on the grounds that the constitution had declared them to be in the public interest. In 1958 the FCC responded by striking down this allowance on the grounds that it offended against the principle of equal opportunity ('Chancengleichheit'), since it tended to favour higher tax payers and the parties that represented the interests of higher tax payers. It is here that we meet, for the first but not the last time, the law of unintended consequences. The first reaction of the SV to this verdict was to remove its operations to the welcoming laundries of Switzerland and Liechtenstein. It could thereby continue to collect money in Germany while pretending not to finance political parties, and therefore benefit from tax deduction, and distribute the cash so collected from abroad. The SV remained in existence until 1980, when it formally wound itself up, having handled an estimated

214M DM at a cost to the German taxpayer of 100M DM. What happened to the balance in its coffers nobody has been able to find out; it may have become part of the CDU's 'black accounts'. The second reaction was for the government to compensate the parties in the Bundestag and then in the various Land parliaments (Landtage) for their loss of income with grants from public funds 'for their educational activities'. No separate law was passed to permit this. The grants simply came out of the general budget. Once more the FCC intervened to rule that parties could not receive money for their general purposes, as this would undermine their independence of the state; the most that the state was entitled to do was help them with the costs of electoral campaigning. It was this verdict that obliged the parties in the Bundestag to put the finances of political parties on the firm legal footing that the constitution had required all along, a step made all the easier since the SPD was now in government in a grand coalition with the CDU.

The outcome was the Party Law of 1967 which, though amended five times since then, lays down the outlines of regulation. It defined the purposes for which parties exist, laid down the rates of public subsidy in accordance with the share of votes at the preceding election, established the upper limits of tax deductibility for donations and for the anonymity of donors and set the rules for accountability: parties were required to submit full annual accounts of their income to the President of the Bundestag by 30 September of the following year. The law was not perfect and, as we shall see, left many gaps. But it established the principle that state subsidies, the details of accountability and the levels of tax deductibility were all to be placed on a firm statutory basis, always subject, as was by now recognised, to judicial oversight.

I shall not detain you with the detailed ins and out of developments after 1967, except in so far as they relate to my chosen topic, the background to the CDU funding scandal and its consequences. Although the public grants to parties were supposed to increase only in line with inflation, they rose more rapidly and those for Landtag campaigns were soon at the same level as the Bundestag grants. When direct elections to the European parliament were introduced in 1979, these too qualified for grants at the same level, although campaigning for them was much lower-key. None of the parties spent the whole of its allowance for these. They simply pocketed the difference. That was one way in which the parties, as beneficiaries of their own legislation, inflated their income. A second, which brought in even more money, related to those activities not covered by the Party Law. By the late 1960s all the major parties had created foundations to further their research and educational work and these now gained rapidly rising public income, as shown by TABLE 2. Indeed, as comparison with TABLE 1 shows, it rose much more rapidly than income from either dues or donations. Since this does not count as party income, it does not fall under the Party Law's requirements for detailed accountability. Some of the work done by these foundations, such as overseas aid, the provision of scholarships and research grants and the publication of journals, is undoubtedly valuable, though it may also indirectly help the patron-party; other aspects, such as polling or courses for political activists are much more directly helpful to campaigning and little more than an extension of party activity.

A further source of indirect financing came from grants to the parliamentary caucuses of parties (see also TABLE 2), to the staffs of individual members of the Bundestag and to members for their constituency offices. This money, too, remains outside the Party Law's frame of reference. It is meant to be kept strictly separate from party funds, as Wolfgang Schäuble discovered to his cost, but it is much more difficult to establish that no parliamentary or constituency staffs are ever available for campaigning duties. Like the grants to the Foundations, these, too, have escalated at a much higher rate than the direct state subsidies. In addition to these sources of income the old 'party tax', which is of doubtful legality, is alive and well.

TABLE 1

PARTY INCOMES FROM DUES AND DONATIONS, 1970-1998 (in M DM)

YEAR	Dues				Donations			
	CDU/ CSU	SPD	FDP	Greens	CDU/ CSU	SPD	FDP	Greens
1970	12	30	2		19	6	4	
1975	48	53	4		33	13	9	
1980*	76	86	6	1	65	13	11	
1985	98	101	9	4	32	15	10	9
1990*	103	131	11	10	108	39	23	11
1995	117	156	11	18	50	25	11	9
1998*	120	158	10	22	91	37	22	11

TABLE 2

STATE SUBSIDIES TO FEDERAL AND LAND *FRAKTIONEN* AND PARTY FOUNDATIONS, 1965-95 (in M DM)

YEAR	FRAKTIONEN		Total	FOUNDATIONS
	Bundestag	Landtage		
1965	3.1	6.6	9.7	13.1
1970	9.9	10.7	20.6	74.3
1975	29.3	22.9	52.5	160.6
1980	44.6	43.9	88.5	270.9
1985	58.2	54.5	112.7	381.6
1990	89.6	73.2	162.8	562.9
1995	107.3	131.4	238.7	619.9

There were, however, several significant developments during the 1980s. The first was a major bribery scandal, the so-called Flick Affair, in which the Flick corporation disbursed some 8.5M DM for – in its own words – ‘the cultivation of the Bonn landscape’, i.e. donations to ministers, parliamentarians and parties in order to gain a ruling for exemption from capital gains tax on a major share disposal. Bribery on this scale was not something that the Party Law or Article 21(1) could have been designed to prevent. The legislation was designed to oversee the regular flow of funds to parties; the Flick bribe would have been illegal under any dispensation. The affair nevertheless revealed a number of uncomfortable aspects of party funding. The first is that the law covered only what it was designed to cover, namely the parties’ legal sources of income. The purpose of the law was to tell the public who was funding the parties for their legitimate activities. It was not designed to uncover bribes, blackmail, extortion or other straightforwardly criminal activity. The second is that state funding, as instituted in 1967, had not reduced the parties’ desire to tap other sources of income. It was, as it turned out, an additional source of revenue, not an alternative one. The only way to reduce the parties’ reliance on private funding was to impose upper limits either on contributions or on expenditure. As British experience has shown, these are difficult but not impossible to enforce. Of the two, limits on contributions are more easily evaded. They are also more likely to fall foul of section 10 of the European Convention on Human Rights, which guarantees freedom of expression, and of the FCC. The fact remains that as long as there is no limit on what parties may spend, there is no limit to what they will want to collect.

These events had a number of consequences, some intended, other not. It was evident that the constitutional requirement for accountability needed tightening. As amended in 1983,

Article 21(1) read, '[Parties] shall publicly account for the sources *and use* of their financial resources *and for their assets*'. While this new provision could have the effect of preventing, or at least discouraging, the future acquisition of illegal funds it was bad news for those who already had them and now needed to find a safer haven for them. It was the 1983 constitutional amendment that propelled the Hesse CDU's funds into the laundries of Switzerland and Liechtenstein, thus adding to the illegalities already in train. Nor is it clear what happened to the unspent balance of the Flick money. This, too, may have become part of the CDU's black accounts.

The developments in party finance in the course of the 1970s and 1980s revealed other shortcomings in the legal arrangements. It was becoming obvious that the distinction between campaign expenditure and other party expenditure was increasingly unrealistic. Modern campaigning does not depend, as it did a hundred or even fifty years ago, on unpaid volunteers willing to lick envelopes and wear out shoe leather. It has become professionalised, requiring expensive equipment and large numbers of paid, expert staff. It is capital-, not labour-intensive. Moreover the federal structure of Germany means that there is almost perpetual electioneering. Not only are there the quadrennial Bundestag and quinquennial European elections, there are elections for the Landtage of the sixteen Länder, held at irregular intervals, as well as increasingly politicised municipal elections. In 1999 Germans in one part or another of the country were called to the polls on eleven different Sundays. There are therefore virtually no campaign-free times; electioneering never stops. It could indeed be argued that *all* party activity and *all* party expenditure is campaign-directed, whenever it happens.

This and other factors led the Federal Constitutional Court to take another look at the whole question in 1992, on the basis of which the present regulations operate. Not only was it increasingly unrealistic to distinguish between campaign and non-campaign expenditure, as the Court had insisted on doing ever since its 1966 verdict, it was obvious that the level of state subsidies has escalated out of control and that serious questions were being raised about the tax deductibility of corporate donations. The FCC addressed all of these matters in a landmark ruling of 1992, which in turn resulted in a comprehensive amendment of the Party Law in 1994. The FCC's starting point in 1992 was that it was now legitimate for the state to subsidise the parties' general activities 'as they are attributed to them by the Basic Law', but only to the extent of enabling them 'to maintain the effective performance of their functions'. This meant in turn that the state should reward not only the parties' vote-gathering abilities, but their membership recruitment; that under no circumstances should a party derive more than fifty percent of its income from the state; that tax deduction should be restricted to natural persons and at a level of contribution 'that the average citizen can be assumed to afford'; and above all that there had to be an absolute upper limit to direct state subsidies to parties, pitched at the average total subsidy over the previous three years, i.e. 230M DM. In practice, these principles, as incorporated in the amended Party Law, amount to the following:

- Parties will receive an annual grant of 1 DM for every vote received at the preceding Bundestag election, except for the first five million votes, which qualify for 1.30 DM
- Parties will receive 0.50 DM for every DM in dues and donations, provided these come from individuals and do not exceed 6000DM (ca. £2000)
- To qualify, a party must have received at least 0.5% of the total vote in the preceding

Bundestag or European election, or 1% in a Landtag election

- State subsidies may not exceed a combined total of 230M DM, or 50% of a party's income in dues and subscriptions, whichever is the lower
- Donations of 20,000 DM or above must be individually recorded with the amount and the name and address of the donor.

In addition tax relief is restricted to donations of up to 6000 DM, but only from individuals; corporate donations ceased to qualify for any tax relief. The upper limit of 230M DM was indexed for inflation to 245M DM in 1998 and has stayed there for the time being. TABLE 3 shows the distribution of this sum by parties, TABLE 4 the proportions that each party derives from the three main sources of income.

TABLE 3

STATE GRANTS TO PARTIES, 1998 (in DM)

SPD	96,756,243
CDU	73,817,137
Greens	18,204,439
CSU	17,553,637
FDP	13,181,777
PDS	13,363,284
Republikaner	5,441,980
DVU	1,641,880
Others	5,020,615

TABLE 4

INCOME OF PARTIES BY SOURCES IN %, 1968-1997

YEAR	CDU/CSU			SPD			FDP			Greens		
	1	2	3	1	2	3	1	2	3	1	2	3
1968	26	16	52	47	5	41	19	22	48			
1970	31	34	30	51	11	27	20	39	19			
1975	36	25	35	47	11	34	20	38	33			
1980*	40	33	24	55	8	32	20	32	33			
1985	45	15	31	55	11	28	29	32	30	15	32	34
1990*	24	26	42	39	11	44	13	28	53	24	24	47
1995	41	18	32	55	9	32	25	24	29	38	17	37
1998*	38	29	29	52	12	32	21	44	26	38	20	32

1 = dues 2 = donations 3 = state subsidies
 *=election year

In this form the Party Law is certainly an improvement on its predecessors, but it still covers only part of the problem. It restricts itself to donations made directly to the parties by individuals, corporate bodies or the state. It does not address the grey area of payments to individual politicians, parliamentary or constituency staffs or the foundations. Though it repeats the requirement to submit annual accounts, there are no sanctions for non-compliance, with the result that when the President of the Bundestag ‘fined’ the CDU 41M DM for filing incomplete returns, the party was able to appeal against this penalty to a federal Administrative Court. The law as it stands is therefore a curious mixture of strict demands for transparency in some areas and silence on others. It is these ambiguities that form the background to the CDU’s ‘black accounts’. As we have seen, the origins of these go back to the beginnings of the Federal Republic, to the uncertain financial base of the right-of-centre parties and to the desire of corporate – and large individual – contributors to these parties to gain tax advantages and, even more importantly, confidentiality. To achieve this they were prepared to contravene the spirit of the constitution and the letter of the law as it developed over the decades. The ‘black accounts’ began with the fear by Konrad Adenauer and his colleagues that electoral victory for the SPD would undermine integration with the West and the evolution of a market economy and therefore spell disaster for the fledgling Federal Republic. Thereafter they acquired a momentum of their own. Control over unofficial funds also enabled successive party leaders from Adenauer to Kohl to exercise patronage within their parties, to reward loyalists and punish dissidents. The semi-secret fund-raising by the Association for Citizenship, the initial transfer of accounts abroad, the maintenance of black accounts in North Rhine-Westphalia and then, when the SPD gained control of that

Land in 1966, in Rhineland-Palatinate, where Helmut Kohl controlled the CDU machine, the Flick affair, the black accounts of the Hesse CDU and the unrecorded donations by Elf-Aquitaine, Thyssen and Siemens are not unconnected incidents, but instalments in one continuous covert operation. Other parties are not blameless – the SPD and the Free Democrats also profited from Flick money – but no other party has bent or broken the law as systematically as the CDU. Behind the covert operation lay a permanent fear, almost a panic, of falling behind in the race to fill party coffers. Individual politicians did not, with rare exceptions, line their own pockets, at least at the level of the federal leadership. Nor, with the exceptions noted above, is there much evidence that corporate donations can buy specific favours. The buying of votes, to which my title refers, took place in the wholesale market, not the retail. It aimed at securing propaganda advantages through superior resources. But whether there is a one-to-one relationship between campaign expenditure and reward by voters is a matter on which, to put it mildly, the jury is still out.

The CDU has won more elections than it has lost in the history of the Federal Republic, but the disasters it suffered in the wake of the 1999 exposures show that campaign funds can be a negative resource if they are used in a way that contradicts the public's moral sense. For this reason most commentators assumed that the CDU was doomed in the next Bundestag election, scheduled for September 2002. Now, six months before that date, it is ahead in the opinion polls. This lead may or may not last and it may have more than one cause. It is possible that it is attributable to the choice of Edmund Stoiber as the CDU's chancellorship candidate in place of the lacklustre Angela Merkel; or to the mediocre economic record of the Schröder government, with unemployment once more

above the four million mark. But there is another possible explanation. Over the past two months details have emerged of a major story of kickbacks paid to SPD office-holders in the city of Cologne, of Swiss accounts and fictitious membership subscriptions, designed to hide the true source of the income. The sum involved so far is 360,000 euros or just over 700,000 DM, small beer compared with the CDU's millions, but with hints of more to come and the possible involvement of those higher up the party ladder than municipal bigwigs. At the least this story deprives the SPD of the moral high ground and of one of the sources of its opinion poll lead for most of the time since 1999. It may not rehabilitate the CDU, but it removes a reason for not voting for it and it is now the SPD's fate to see its fund-raising practices as a negative resource.

What conclusions may we draw from these stories, which may be farcical in detail, but are sad in their commentary on the morals of politicians? The first is that transparency is a necessary condition for probity in campaign finance. As Justice Brandeis put it, 'Sunlight is the best disinfectant'. It is necessary, but not sufficient; it can even be counter-productive when it is introduced to shine light on existing dishonest practices. As the German example shows, each turn of the regulatory screw meant that those with something to hide had more to hide; the more they had to hide, the more hiding places had to be found; the more complicated the repertoire of dissimulation, the greater the likelihood that someone would say the wrong thing at the wrong time in the wrong place and the whole web would begin to unravel. Which is precisely what happened. But luck can last for a long time, which is also what happened.

If transparency is not enough, what else is needed? We need to know not only who gives

what to whom and how much, we need to know when. One of the many proposals for improving transparency in Germany comes from one of the Justices of the FCC, namely that major donations, i.e. above 10,000 euros, are to be published immediately, the argument being that it is not very helpful to the citizen to be told a year after the election who helped to finance the campaign. Other suggestions propose the establishment of a neutral trustee organisation to receive all donations, with no direct transactions between donor and recipient. Above all the penalties for non-compliance need to be spelt out. While these defects are specific to the arrangements in Germany, they have a more general applicability. In the end deterrents are effective if they express moral as well as legal imperatives. In societies in which backhanders, bribes and favours are considered normal, even required for the machinery of government to function, detection will merely be regarded as bad luck and punishment as bordering on injustice. The reaction of German voters to the exposures of the CDU's and now the SPD's black accounts and that of British voters to Conservative sleaze in 1997 suggest that in these countries effective sanctions would carry the necessary legitimacy.

None of these considerations removes certain dilemmas in the control of party financing that are present, to a greater or lesser extent, in all countries that have competitive elections. Over the past decades electioneering has become very expensive and is not likely to become less so, even if it does not have to be quite as extravagant as in the USA or, compared with this country, in Germany. That means that there is no prospect of parties' covering their costs through membership subscriptions alone. If we want to restrict or even ban private donations, the money has to come from somewhere else and that can only mean the state, i.e. the taxpayer. If we object to the taxpayer subsidising

parties, then we must put up with their depending on private donors, some of whom will be rich and powerful and have special agendas. Money from the state, without concomitant caps on income or expenditure, will merely make the parties richer. By itself it will not, as the German and many other examples show, make parties either less greedy or more honest. You cannot fight elections without money, but the money has to be seen to be clean and preferably rationed. That seems still to be the expectation, despite many disappointments, in most of the Western world.