

CENTRE FOR NONPROFIT SECTOR RESEARCH

**POLITICAL PARTIES AND MOVEMENTS:
FACTS AND FIGURES 2003**

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POLITICAL PARTIES AND MOVEMENTS: FACTS AND FIGURES 2003

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1 INTRODUCTION

There is great interest around the world in the economy of political parties. This is not surprising since everyone is interested in learning about the management of entities that have political power or strive to gain it. Interest among the public is also documented by the fact that news about the funding of parliamentary parties appears in our media in early April each year. However, it usually quickly disappears from the news, and, in addition, it is as a rule concerned with a limited number of political entities and only selected, “attractive” revenue items.

It therefore certainly makes sense to collect data and publish a document summarising the financial results of all political entities, even if for a mere year at this point. Our research project, The Economics of Political Parties and Movements, the final report on which we now submit to the public, attempted to do this. It is part of a long-lasting effort of the Centre for Nonprofit Sector Research to map the Czech nonprofit sector and, as such, it had other objectives as well – in particular, to examine the availability and quality of the existing data sources so as to ensure that methodology can be created and mechanisms set for permanent and systematic monitoring of the political entities.

2 CHARACTERISTICS OF LEGAL FORM

A political party or political movement is incorporated through registration with the Ministry of the Interior following the submission of the statutes and a petition signed by at least one thousand citizens requiring that the party or the movement be incorporated.

Parties and movements are entitled to a public contribution under previously set conditions. The contribution to activities comprises a standing contribution and a contribution per parliamentary seat. The standing contribution equals CZK 3 million annually for parties and movements that gained 3% of the vote in the last election to the Chamber of Deputies. The party or movement receives CZK 100 thousand per year for each additional 0.1% of the vote. This is capped at 5% of the vote, where the contribution rises no higher. The contribution per Deputy’s or Senator’s parliamentary seat equals CZK 1 million annually and is CZK 250 thousand per parliamentary seat of a regional assembly member.

Parties and movements may also obtain a contribution for the payment of election expenses, which is governed by the Elections Act. No election was held in 2003.

3 METHODOLOGY

3.1 Research aims

- a) To examine the availability and quality of the existing data on political parties and movements with the objective of setting up a permanent system of data collection.
- b) To process and analyse the collected data.
- c) To publish the results and output of the research.

3.2 Data sources

3.2.1 Registers

The Register of Political Parties and Political Movements is kept as a public database by the Ministry of the Interior and it is available at <http://www.mvcr.cz/agenda/strany/index.html>. According to the

data in the Register, there were 65 parties and 35 movements as of December 31, 2003, of which 9 parties and 11 movements had had their activities suspended through a court decision; thus, there were 80 active entities in total.

3.2.2 Annual reports

Under Section 18 of Act No. 424/1991 Coll., political parties and movements are obliged to submit each year by April 1 to the Chamber of Deputies for information an annual report structured in a set manner. We verified the submitted annual reports for 2003 on December 20, 2004. **Out of the 80 political parties and movements active as of December 31, 2003, 68 had submitted the annual report.** The remaining 12 political entities had failed to fulfil the statutory obligation under the above-specified section of the Act on Association in Political Parties and in Political Movements.

Annual reports have become the only source for the collection of data on the property, revenue (income) and costs (expenditure) of political parties and movements. Under Section 18 (3), political parties and movements shall submit the annual report using prescribed forms laid down by the Ministry of Finance through an implementing regulation.

3.3 Data processing and typology

Three criteria were used for creating consistent groups:

1. Representation of the political party or movement in the Chamber of Deputies of Parliament of the Czech Republic.
2. Representation of the political party or movement in the Senate or regional assemblies.
3. Amount of income of the political party or movement in 2003.

Income has become a crucial indicator for the typology of political parties and movements. While political parties meeting the first criterion receive a standing contribution from the state budget for their activities, the political parties meeting the second criterion receive only the contribution per parliamentary seat. The remaining political entities were divided based on the actual income obtained in 2003. Given that we examined only the year 2003, the income indicator was more important for us. The latter reflects more appropriately the activity of the political parties and movements in the given year than, for example, the assets indicator, the amount of which may be influenced by past events.

By gradually applying the above three categories, the political parties and movements that had submitted the annual report were divided into 6 categories:

1. Political parties with their representation in the Chamber of Deputies of Parliament of the Czech Republic. The results achieved by these parties are so important that we will specify them individually for each party in the data part:

“ČSSD” Česká strana sociálně demokratická [Czech Social Democratic Party]

“KDU-ČSL” Křesťansko-demokratická unie – Česká strana lidová [Christian Democratic Union - Czech People's Party]

“KSČM” Komunistická strana Čech a Moravy [Communist Party of Bohemia and Moravia]

“ODS” Občanská demokratická strana [Civic Democratic Party]

“US-DEU” Unie svobody – Demokratická unie [Union of Freedom – Democratic Union]

2. Political parties and movements that had received the contribution to activities from the state in 2003, hereinafter the **“Parties with subsidies”**.

3. Political parties and movements that had not received the contribution from the state in 2003 and whose total income in that year exceeded CZK 100 thousand, hereinafter **“More than CZK 100 thousand”**.

4. Political parties and movements that had not received the contribution from the state in 2003 and whose total income in 2003 was between CZK 10 thousand and CZK 100 thousand, hereinafter **“CZK 10 - 100 thousand”**.

5. Political parties and movements that had not received the contribution from the state in 2003 and whose total income in 2003 was below CZK 10 thousand, hereinafter **“Less than CZK 10 thousand”**.

6. Political parties and movements that had submitted their annual report in 2003 (and where the so-called “zero reporting” is not concerned), but had not reported any results (property, income, expenditure). Since it would serve no purpose to publish data on these political entities, they will not be included in the overall tables and will not appear in the data part any further.

4 FINANCIAL RESULTS

ASSETS

Table 1 Assets of political parties and movements as of December 31, 2003 (CZK thousand)

<i>Typology</i>	Intangible assets	Tangible assets	Financial investments	Receivables	Financial assets	Other assets	Gross assets	Net assets	Number
ČSSD	748	564,350	1,000	35,306	50,663	789	652,856	594,348	1
KDU-ČSL	1,531	80,110	308	5,063	27,041	457	114,510	85,743	1
KSČM	810	161,615	28,879	-15,194	220,055	2,242	398,407	325,032	1
ODS	663	161,469	19,436	13,300	101,103	2,022	297,993	274,378	1
US - DEU	1,179	4,819	0	998	29,323	947	37,266	33,113	1
Parties with subsidies	63	5,196	0	1,317	18,766	81	23,179	21,461	9
> CZK 100 thousand	0	525	1,350	1,799	3,886	37	7,597	7,299	11
CZK 10 - 100 thousand	26	821	0	124	6,217	4	7,192	6,370	15
< CZK 10 thousand	15	200	0	722	-201	0	736	591	21
TOTAL	5,035	979,105	50,973	43,436	456,853	6,579	1,541,980	1,348,324	61

4.1 Income

Table 2 Income of political parties and movements in 2003 (CZK thousand)

<i>Typology</i>	Subsidies	Membership fees	Gifts received	Sales	Interest received	Revenues from sales	Other revenues	TOTAL	Number
ČSSD	113,350	6,858	10,639	13,615	270	86	2,676	147,493	1
KDU-ČSL	57,275	5,743	1,569	19,791	162	860	5,090	90,491	1
KSČM	91,850	30,289	4,355	31,281	1,019	513	3,222	162,529	1
ODS	139,050	8,591	16,337	11,712	1,917	277,000	1,833	456,440	1
US - DEU	40,175	824	-78	216	322	200	150	41,809	1
Parties with subsidies	27,525	113	650	157	43	33	370	28,890	9
> CZK 100 thousand	5	872	2,961	1,007	64	135	275	5,319	11
CZK 10 - 100 thous.	0	203	221	6	93	7	1	531	15
< CZK 10 thousand	0	35	9	0	0	0	0	45	21
TOTAL	469,230	53,527	36,663	77,785	3,890	278,834	13,617	933,547	61

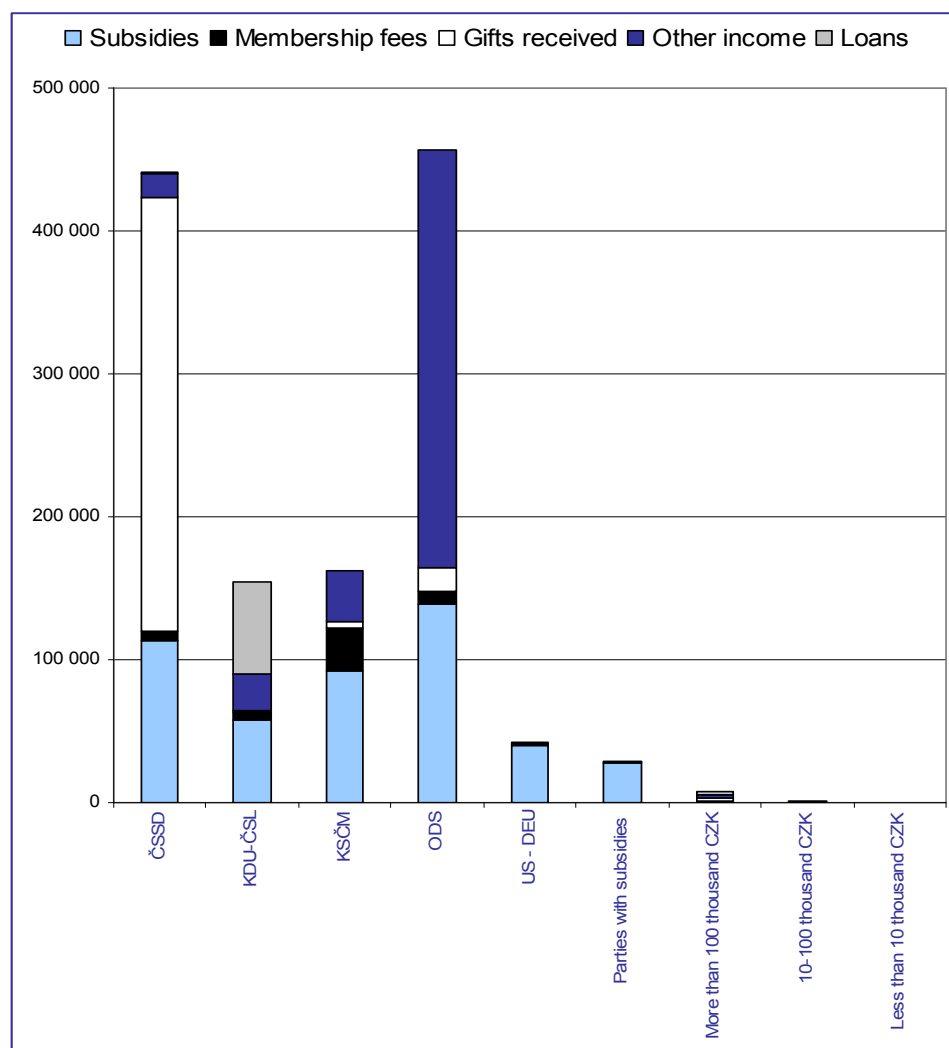
4.2 Expenditure

Table 3 Expenditure of political parties and movements in 2003 (CZK thousand)

Typology	Consumed purchases	Services	Personnel expenses	Taxes and fees	Other expenses	Depreciations	Contribution	TOTAL	Number
ČSSD	17,912	60,203	55,339	1,444	2,102	17,851	960	155,811	1
KDU-ČSL	7,834	7,100	24,789	5,098	10,879	1,999	0	57,700	1
KSČM	20,009	40,572	53,898	2,725	7,993	6,324	1,386	132,907	1
ODS	10,546	35,447	36,616	585	4,211	276,430	1,036	364,870	1
US – DEU	2,798	23,325	2,708	217	287	1,268	171	30,774	1
Parties with subsidies	915	8,857	2,485	22	3,129	814	450	16,672	9
> CZK 100 thousand	855	6,435	325	12	3,513	192	40	11,371	11
CZK 10 - 100 thous.	159	2,244	430	33	21	0	0	2,888	15
< CZK 10 thousand	1	56	24	3	14	0	50	148	21
TOTAL	61,030	184,239	176,615	10,139	32,149	304,878	4,093	773,142	61

4.3 Analysis of Income

Figure 1 Income of political parties and movements in 2003 by type (CZK thousand)



The analysis of income offers a better overview of the sources of funds of political entities, since in contrast to revenue, income also includes loans and credits received and non-pecuniary gifts.

Figure 1, presenting the absolute income of political entities in 2003, shows the disproportion between the amount of the funds managed by the political parties represented in the Chamber of Deputies of Parliament of the Czech Republic and those managed by other political entities.

Disregarding *ad hoc* events with an effect on the amount of income for the ČSSD (non-pecuniary gifts) and ODS (sale of financial investments), the amount of funds available to the parties represented in the Chamber of Deputies in 2003 varies from CZK 148 million (ČSSD) to almost CZK 180 million (ODS), with the exception of the US – DEU, which only had CZK 42 million at its disposal. If we also deducted the received loans that must be returned in the future, the actual income of the KDU-ČSL would also be lower, at merely CZK 90 million.

The other 56 political entities together managed an amount of less than CZK 38 million. More than three quarters of their income (almost CZK 29 million) consisted of income of “Parties with subsidy”. The income of all the political parties falling in this category exceeded CZK 1 million in 2003.

Figure 2 Structure of income of political parties and movements in 2003 by type

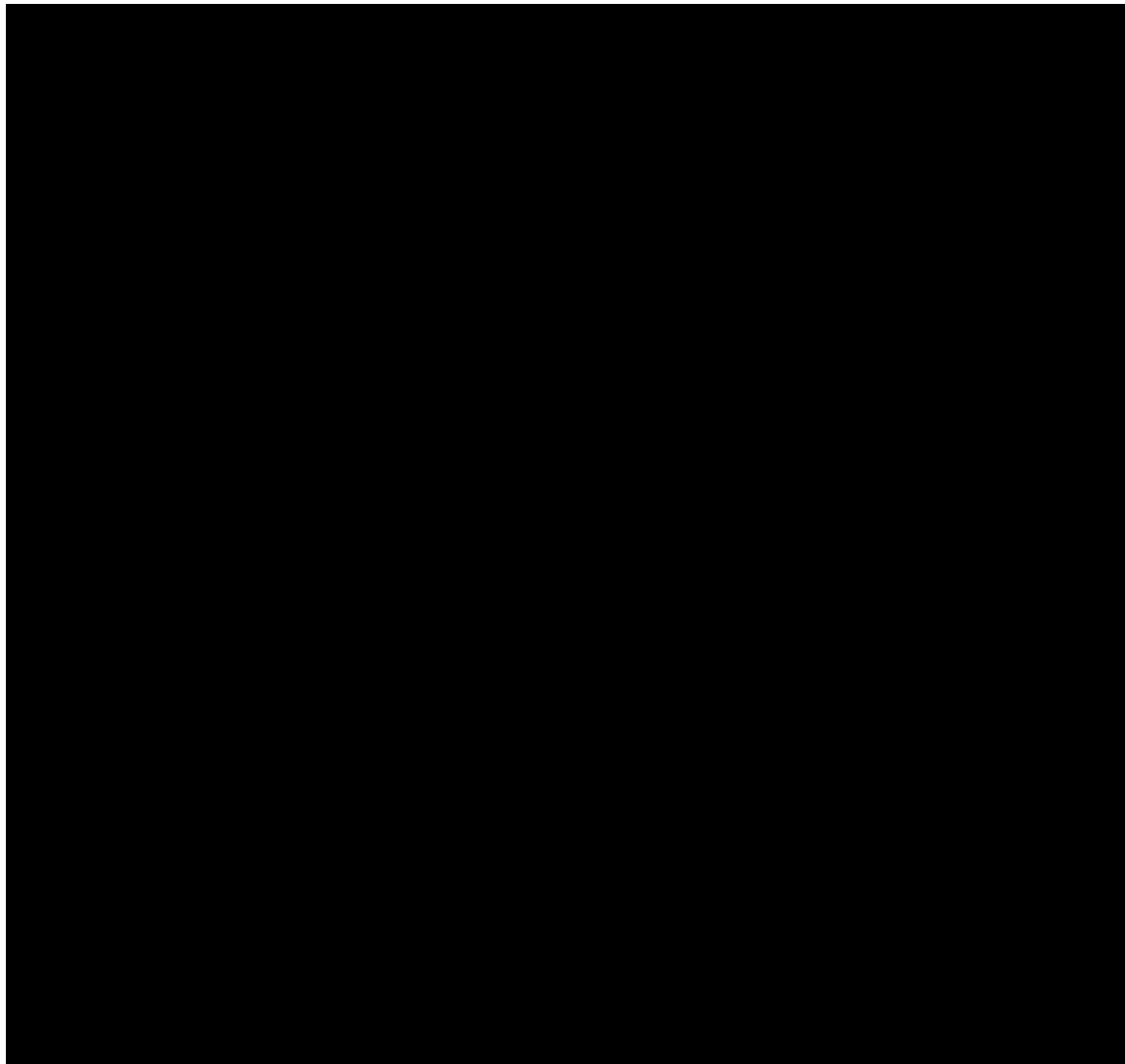


Figure 2, showing the relative amount of income of political entities in 2003, makes it possible to identify from where the individual political parties and movements drew their income. It is interesting to compare the structure of income in two respects: firstly between the political parties represented in the Chamber of

Deputies, secondly between the political entities that did and did not receive the contribution to activities from the state budget.

The US-DEU depends on the state contribution in full; the state contribution would also equal more than 75% for ČSSD and ODS had the latter two not had one-off income in 2003 (see Figure 1). The KDU-ČSL managed to obtain additional financial means through lease and a long-term loan (in the amount of CZK 63.8 million). The KSČM also managed to draw income from lease and a significant portion of its income, over 18%, consists of membership fees.

The funding of the “parties with subsidies” fully depends on the contribution from the state budget since the latter income represents 95% of all income of the political entities in this category.

In contrast, political entities that do not receive state contribution must rely on other income, particularly loans, gifts and membership fees. The smaller the party the larger proportion of income obtained from membership fees, and vice versa, the greater the party the larger proportion of income consists of gifts received, loans and other income.

4.4 A Note on Data

The existing sources of data provide contradictory information regarding the number of political parties and movements. Firstly, there were different data regarding the number of active political entities registered in the Register of Political Parties and Movements kept by the Ministry of the Interior and in the Business Register kept by the Czech Statistical Office. Secondly, it is not obvious whether the political entities whose activities were suspended by the courts should be considered to be active entities and whether they are also subject to the obligation to submit the annual report at the Office of the Chamber of Deputies of Parliament of the Czech Republic.

It can be stated however that all sources of data are easily accessible and the annual reports placed in the Office of the Chamber of Deputies can be used also in the future for the collection of economic data, although the quality of some annual reports is low. Not every annual report contains all the requisites pursuant to the Act on Association in Political Parties and in Political Movements.

Data on human resources are not complete. Further research will be necessary to identify suitable sources of data for a permanent and systematic monitoring of the numbers of employees and members of political entities.