

FUNDING OF POLITICAL PARTIES: PROBLEMATIC ASPECTS

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Annotation

The article, seeking an answer to the question of the role of political parties in the life of each modern democratic state and society, focuses on one of the key issues of the existence of each political party - their funding. Having established that state support in trying to protect these political entities from the potential influence of external individual donors, based on the experience of foreign countries it is necessary to provide insights into the possible models of such financing, their advantages and disadvantages. The article also reviews recent attempts to change the funding model of political parties in the Republic of Lithuania and the reasons for such attempts, and presents arguments that justify the possible influence of such inspirations on political processes in the country.

Key words: *Political party, democracy, pluralism.*

1. Political parties are one of the main pillars of modern state democracy

It is known that one of the most important elements of the form of state (besides the form of state governance and the form of state structure (territorial arrangement)) is the political regime, characterized, among other things, by political pluralism, characterized by the presence of various political parties and organizations that are competing for leadership of the society, all political parties have equal legal opportunities, and opposition parties offering alternative solutions to government policies, and so on.³ Thus, a modern democratic state is inconceivable without political parties, which enable all layers of society to participate in the competition for political power and formation of state institutions. In other words, political parties are an element of the functioning of a democratic state, and an effective democracy is the result of a multi-party system and the activities of political parties.⁴ Namely political parties and their members, who have won democratic, free and periodic elections, not only participate in the governance of the state, but also ensure the continuous establishment and functioning of the highest institutions of power, participate in the decision-making and implementation of the state governance. This is one of the preconditions for the functioning of the democratic regime in the rule of law. Therefore, it is declared that democracy, pluralism and political parties are the three pillars that lay the foundation of modern democratic state and authority building.⁵ In one of its rulings, the Constitutional Court of the Republic of Lithuania (hereinafter - the Constitutional Court) has emphasized that political parties are such unions whose establishment goals, purpose and activities are inseparable from the pursuit of political power. Political parties are pursuing this goal *inter alia* participating in elections to political representative institutions.⁶

It is also noteworthy that in democratic countries, each political party first and foremost strives to create the strongest social base, i.e. to attract the widest possible range of social groups and strata, which will form the majority of its electorate in the forthcoming elections. Thus, a political party seeks to express the interests of the majority of society. Seeking this goal it defines the direction of socio-economic policy and then chooses the political means to implement it.⁷ In general, for elections to be possible at least, there must of be at least two alternatives (the principle of political pluralism), so a multi-party system must be guaranteed. To this end, the freedom and equality of opportunity of all political parties in their establishment and operation must be guaranteed, as well as the right to form and functioning the opposition must be guaranteed.⁸

³ Jarašiūnas, E. Lietuvos valstybė kaip konstitucinės teisės institutas. In: *Lietuvos konstitucinė teisė*. Textbook. Second edition. Vilnius: Registrų centras, 2007, p. 235-236.

⁴ Šileikis, E. *Alternatyvi konstitucinė teisė*. Vilnius: Teisinės informacijos centras, 2003, p. 289.

⁵ Čelkis P.; Kalinauskas, G.; Petrylaitė, D.; Varaška, M. *Politinį partijos ir organizacijos, kiti politiniai susivienijimai*. In: *Lyginamoji konstitucinė teisė*. Textbook. Mykolo Romerio universitetas. Vilnius: Registrų centras, 2016, p. 335.

⁶ Ruling of the Constitutional Court of the Republic of Lithuania on 9 November 2010. <<http://lrkt.lt/lt/teismo-aktai/paieska/135/ta184/content>>

⁷ Vaitiekienė, E. *Politinės partijos ir politinės organizacijos*. In: *Lietuvos konstitucinė teisė*. Textbook. Second edition. Vilnius: Registrų centras, 2007, p. 383.

⁸ Vainiutė, M. *Vokietijos Federacinės Respublikos konstitucinė sistema*. In: *Europos Sąjungos valstybių narių konstitucinės sistemos*. Study of Science. Mykolo Romerio universitetas. 2012, p. 979.

In order for political parties to function smoothly, freely and independently, the state must create the necessary legal environment for their activities. It is therefore important to emphasize the importance of the ongoing legislative process, which sets out their working principles and establishes legal safeguards. We will try to cover this in the other sections of this article.

2. Funding of Political Parties: Finding the Right Model

Seeking for the system of parties to function properly, political parties must be given some legal guarantees. In order for political parties to ensure their day-to-day operations, to compete with each other and to implement their ideas, they must have the financial means and therefore the issue of funding of political parties is of concern to all countries: "even those countries which do not regulate the activities of political parties by special laws seek to legally define the limits and procedures for financing political parties in order to prevent political corruption and to ensure the legitimacy of receipt and use of political party funds."⁹ Thus, as mentioned above, the subject of political party financing is relevant in virtually all countries with modern democracy. It therefore can be said that one of the most important issues for political parties is their funding, which, "with a closer look, can reasonably be regarded as an essential systemic aspect of the legal regulation of their activities".¹⁰

The basis of state (public) political parties funding can be regarded as their constitutional establishment (in Western Europe starting around 1950 and in Central and Eastern Europe after 1990). There are some similarities and differences.

Regarding the model of financing of political parties in the Republic of Lithuania, first of all it has to be noted, that the Constitution of the Republic of Lithuania which was adopted on 25 October 1992 as well as other Central and Eastern European countries constitutions adopted at the end of XX century, known as post-totalitarian or "new democracies" such as 1991 constitutions of Bulgaria, Romania, Slovenia, year constitutions of Estonia, Czech Republic, Slovakia, 1997 constitutions of Poland and others regulate, among other things, political pluralism.¹¹ It is noteworthy that the Constitution of the Republic of Lithuania confines itself to establishing the guarantee of freedom of establishment of parties (Parts 1 and 2 of Article 35) and imposing significant restrictions on their activities, however, financing relationships of parties are not literally reflected or directly regulated, although their origins are nevertheless covered (in an ambiguous way) by the constitutional principles of a democratic state and by the blanket reference "activities are regulated by law" (Part 3 of Article 35).¹² It should be noted that this provision "does not confer on the legislature unlimited discretion<...>; the diversity of equal political parties that determine the multiparty system is a constitutional value and its constitutional aspects are the basis of the parties' legal institutionalization".¹³ In other words, the Constitution provides regulation of the activities of parties, including the financial sources (funds), but does not directly state the legal basis for the use or accounting of those sources and certain funds.¹⁴ In this respect, the situation is different when comparing the aforementioned constitutional provision of the Republic of Lithuania with, for example, the constitutional provisions of Poland, Hungary or Germany, since the aforementioned constitutions refer directly to party finances, thus highlighting their importance and one or another principle or procedural basis of their administration.

For example, the Constitution of the Republic of Poland of 1997 part 2 of Article 11 provides that the financing of political parties is public.¹⁵ This means that political parties cannot keep their funding classified. Constitution of the Republic of Hungary of 2011 part 4 of Article VIII states that the detailed rules for the operation and financing of political parties are laid down in the Basic Law.¹⁶ The Basic Law of the Federal Republic of Germany part 1 of Article 21 stipulates among other things, that political parties must publicly account for the sources of their funds and their use, as well as for assets.¹⁷ The constitutional recognition of democracy of

⁹ Vaitiekienė, E. Politinės partijos ir politinės organizacijos. In: *Lietuvos konstitucinė teisė*. Textbook. Second edition. Vilnius: Registrų centras, 2007, p. 378.

¹⁰ Šileikis, E. Partijų finansavimo teisės sistemos įžvalgos. Monograph. Vilnius: LMPA, p. 47.

¹¹ Jarašiūnas, E. Nuo pirmosios iki naujausių konstitucijų: keletas minčių apie konstitucinio reguliavimo raidą. In: *Šiuolaikinė konstitucija: studijos apie užsienio šalių konstitucinį reguliavimą*. Collective monograph. Mykolo Romerio universitetas. Vilnius, 2005, p. 29.

¹² Šileikis, E. Partijų finansavimo teisės sistemos įžvalgos. Monograph. Vilnius: LMPA, p. 98.

¹³ Šileikis, E. Alternatyvi konstitucinė teisė. Second revised and supplemented edition. Vilnius: Teisinės informacijos centras. Vilnius, 2005, p. 301.

¹⁴ Šileikis, E. Partijų finansavimo teisės sistemos įžvalgos. Monograph. Vilnius: LMPA, p. 98-99.

¹⁵ Staugaitytė, V. Lenkijos Respublikos Konstitucija. In: *Pasaulio valstybių konstitucijos*. Volume II. Mykolo Romerio universitetas. 2016, p. 571.

¹⁶ Matijošius, A. Vengrijos Pagrindinis Įstatymas. In: *Pasaulio valstybių konstitucijos*. Volume III. Mykolo Romerio universitetas, 2016, p. 1213.

¹⁷ Goldmer, Y.; Juškevičiūtė-Vilienė, A.; Kavalnė, S.; Vainiutė, M. 1949 m. gegužės 23 d. Vokietijos Federacinės Respublikos Pagrindinis Įstatymas. In: *Pasaulio valstybių konstitucijos*. Volume III. Mykolo Romerio universitetas. Mykolo Romerio universitetas, 2016, p. 1293.

parties and the constitutional political function of parties are listed there as one of the most important features of German parliamentarism.¹⁸

The first European country to adopt the direct financing of political parties from the state budget was the Federal Republic of Germany which provided some support from the state budget in 1959. Legislation governing public funding was adopted in 1967. Later, other European countries began to finance the activities of political parties: Austria in 1963, France in 1965, Sweden in 1966, Finland in 1967, Denmark in 1969, Norway in 1970, Italy in 1974, Spain in 1977. It is stated that, out of all democratic countries in Europe, only Switzerland does not allocate funding from the state budget to political parties, which is one of the reasons why its political system is criticized for its transparency.¹⁹

Political parties are funded from the state budget in most European democratic countries. The aim is to stimulate and develop competition between political parties, to ensure the implementation and institutionalization of their principle of equal opportunities, i.e. to become a stable and predictable multi-party system leading to an effective political system²⁰. On the other hand, essentially taking the position that a political party is a voluntary civil society organization, thus it should itself finance its members and the party activities - otherwise the role of the political party as a mediator between society and the state is distorted by state funding²¹. However, since 1970 this type of financing is used in most Western European countries, and this type of financing is most debatable, but the models for funding vary greatly from country to country.

It should be noted that in most democratic European countries, the funding of political parties from the state budget is divided into direct state funding of political parties (state budget allocations) and indirect funding of state political parties (e.g. free access to the media, support for parliament activities of political parties, tax breaks, etc.). It is stated that state funding is understood as the most effective way to free political parties from the influence of external donors. However, there is a risk that political parties will replace one affiliation with another: a political party may become dependent on public funding - its interest in public support may overshadow the interest in gaining support from social groups. Since political parties are by their very nature and character social associations thus the state cannot "over-state" them.²² In assessing state funding for political parties, it should be noted that this allows parties to remain independent of the influence of private entities, reduces the risk of political corruption, and makes funding for political parties more transparent. The main negative aspect is the reluctance of state residents (taxpayers) to support parties that do not reflect their views and interests. With state support alone, the biggest difficulty is to form and establish new parties that do not yet have the political support of the population.²³

It has already been mentioned that state financial support may vary considerably from one country to another. The scientific literature distinguishes the following classification of public funding of political parties based on the relative size of state financial support of the budgets of political parties. It is pointed out that the following models of public financing of political parties exist in Western Europe: a high level system of state control (France, Spain and Italy; characterized by the fact that political parties have become quasi-state organizations, that is, dependent on state and taxpayers, for example, in Spain, 98% of the income of political parties comes from state financial support); a mixed system (part-financing of political parties, which usually accounts for about 50% of their income, such as in Turkey, Greece, Belgium, Austria, Switzerland, Germany, where political parties are financed in proportion to their income from private sources); a system of private financing with very little public support; as an example, the United Kingdom, which has almost no public funding for political parties).²⁴

When assessing the financing of political parties through state budget allocations, the first question to be asked is whether all established and functioning political parties in a democratic state should be financed. There is a broad consensus that "there is a need to establish a model for financing political parties in the form of government budget allocations that prevents the privilege or discrimination of some political parties, in other words, ensures equal opportunities of their operation, with particular emphasis on their participation in elections".²⁵

¹⁸ Katz, A. Staatsrecht: Grundkurs im öffentlichen Recht, 12., überarbeitete Auflage. Heidelberg, 1994, S. 159-160.

¹⁹ Miškinis, A.; Ulevičiūtė, G. Lietuvos politinių partijų finansavimo šaltinių analizė. Business systems and economics. Mykolas Romeris University. Vol. 3 (1), 2013, p. 88.

²⁰ Masnevaitė, E. Valstybinis politinių partijų finansavimas Lietuvoje. Teisė. Vilniaus universitetas, 2009 (70), p. 119.

²¹ Čelkis P.; Kalinauskas, G.; Petrylaitė, D.; Varaška, M. Politinių partijų ir organizacijos, kiti politiniai susivienijimai. In: *Lyginamoji konstitucinė teisė*. Textbook. Mykolas Romeris universitetas. Vilnius: Registrų centras, 2016, p. 340.

²² Masnevaitė, E. Valstybinis politinių partijų finansavimas Lietuvoje. Teisė. Vilniaus universitetas, 2009 (70), p.131-132.

²³ Miškinis, A.; Ulevičiūtė, G. Lietuvos politinių partijų finansavimo šaltinių analizė. Business systems and economics. Mykolas Romeris University. Vol. 3 (1), 2013, p. 87-88.

²⁴ By: Masnevaitė, E. Politinių partijų ir politinių kampanijų finansavimo teisinis reguliavimas Lietuvoje. Doctoral dissertation. Socialiniai mokslai, teisė (01S), Vilnius: Vilniaus universitetas, 2010, p. 117.

²⁵ Ibid., P. 118.

From the comparative point of view, the following models of direct state funding of political parties in the form of state budget allocations are distinguished: (1) support for all political parties in the country; (2) only political parties represented in the state legislature are supported; (3) not only political parties represented in parliament but also those that fulfill other conditions are supported. It should be noted that according to such criteria, most of the aforementioned countries would be placed in the third group. On the basis of eligibility for a state budget allocation, the following criteria can be distinguished: 1) the number of mandates received in parliament (less frequently in other elected institutions); 2) the number of valid electoral votes received, irrespective of whether the political party has won seats in parliament (less frequently in other elected institutions); and 3) applying mixed method, which takes into account both aforementioned methods.²⁶

In all countries where there is a form of direct state funding of political parties, the prerequisite is results of participation in the relevant elections. Its positive results varies depending on the policy of the state's party system, but in all cases there is a criterion for qualifying for a state budget allocation. It distinguishes two groups of countries, the first consisting of those countries which do not require significant voter support for political parties to qualify for a state budget allocation (e.g. Denmark, Austria, Bulgaria, Hungary) and the second one those which seeking party system functionality, supports large and medium-sized political parties, and accordingly calls for stronger voter support (e.g. Greece, Poland, Belgium, Czech Republic, Slovakia).²⁷

In this context, it should be noted that The Council of Europe addressed this relevant issue and issued "Guidelines on the Financing of Political Parties and Election Campaigns". The purpose of the Guidelines is to set out different options and alternatives, legal principles and methods for financing of political parties and to enable countries to choose the most appropriate legal regulation for the financing of political parties.

3. Trends in the Legal Regulation of the Financing of Political Parties in the Republic of Lithuania

The Constitutional Court has held that, under Part 3 of Article 35 of the Constitution, the legislator must regulate *inter alia* the establishment and operation of political parties. In so doing, the legislature under the Constitution, *inter alia* Part 3 of Article 35 thereof may lay down *inter alia* the sources, ways and procedures for controlling the financing of political parties. It has already been mentioned that the Constitution does not directly identify election campaigns and their participants, *inter alia* sources, ways and basis of funding of political parties, but as stated by the Constitutional Court, the principles relating thereto derive from the Constitution, *inter alia* its objective of an open civil society, as enshrined in its preamble, and directly enshrined in Articles 35, 44, 83, 113, 114, 141 (*expressis verbis* indicated) of the political goal of parties and the specifics of its implementation.²⁸

As it is known, the model of financing of political parties established at the level of legislation has changed many times in Lithuania since 1990 and undergone several stages of development,²⁹ and the current model, following the submission of Project of Amending of Articles 2 and 21 No. XIII-2266 of I-606 Republic of Lithuania Law on Political Parties again is being proposed to be changed.

Before analyzing the current and possible future legal regulation regarding the financing of political parties, it is necessary to take into consideration the already established constitutional doctrine on this issue. The Constitutional Court has emphasized that, under the Constitution, the legislator may establish such a model of regulation of relations regarding the sources, ways of financing of political parties, which involves allocating state budget funds (appropriations) to political parties which candidates have received significant voter approval in the relevant elections, however, such regulation must not allow access to the state budget funds (appropriation) such as to create preconditions for denying or distorting the nature of political parties as public (non-governmental) organizations origins, adversely affecting the free development of a multiparty system, hinder the conditions under which the mentioned funds may be obtained by political parties which do not meet the conditions, as well as to fulfill one's political aspirations, and violate the principles of responsible management and rational management of state property. Consequently, according to the Constitutional Court, the legislator, while regulating with the establishment and operation of political parties, *inter alia*,

²⁶Ibid., p. 125.

²⁷Masnevaitė, E. Politinių partijų ir politinių kampanijų finansavimo teisinis reguliavimas Lietuvoje. Doctoral dissertation. Socialiniai mokslai, teisė (01S), Vilnius: Vilniaus universitetas, 2010, p. 121.

²⁸Ruling of the Constitutional Court of the Republic of Lithuania on 22 March 2012. <<http://lrkt.lt/lt/teismo-aktai/paieska/135/ta110/content>>

²⁹See more: Šileikis, E. Partijų finansavimo teisės sistemos įžvalgos. Monograph. Vilnius: LMPA, p. 273-309.

and the ways of their funding, related relationships, under the Constitution *inter alia* may establish that not all established and functioning political parties, but only those which candidates receive appropriate (sufficient) voter approval in the elections to the public authorities, are eligible for targeted state budget funds.³⁰

Till 1 January 2012 state budget allocations were one of the sources of Lithuanian political parties. By prohibiting receiving funding from legal entities and by limiting donations from natural persons, public funding has become a major source of funding for political parties. Thus, at present, the state ensures not only the participation of political parties in political campaigns, but also their functioning between elections. Therefore, proper legal regulation of this issue is very important.

Recent attempts have been made to change the existing legal regulation of the financing of political parties. For example, members of the Seimas submitted Project of Amending of Articles 2 and 21 No. Nr. XIII P-226 of I-606 Republic of Lithuania Law on Political Parties, which seeks, *inter alia*, to modify the current model of state funding of political parties.³¹ The explanatory memorandum to this project states: "Now, state budget allocations to parties are based on the results of past elections, regardless of how parties dealt with state and society issues. The only criteria for allocating state budget allocations to political parties are the valid results of the Seimas, municipal council elections, elections to the European Parliament (re-election, new elections and re-voting). <...>. 'It is therefore proposed that the funding system for political parties to be fundamentally modified so that the allocation of state budget appropriations is based on the intended funding objectives. The main purpose of this funding is to ensure the efficient operation and transparency of all political parties involved in state governance. Therefore, the main criterion for allocating funding to political parties should be their parliamentary activities and their work in self-governance. Under the proposed legal regulation, allocations from the state budget are distributed among political parties in proportion to their membership in the Seimas of the Republic of Lithuania. <...>".

Thus, Article 2 of the submitted project seeks to replace Article 21 of Republic of Lithuania Law on Political Parties by providing that "two-thirds of the state budget appropriation for political parties should be distributed for political parties in proportion to the number of their members elected to Seimas of the Republic of Lithuania and one third of the appropriation for political parties in proportion to the number of their members elected as members of the municipal councils." In other words, under the envisaged legal regulation, the state budget allocations to political parties would not be based on electoral votes, but on the actual representation of political parties in the Seimas and municipalities, independent of the electoral votes cast for the candidates in those elections (according to the number of mandates received). It should be mentioned that currently the state budget allocations for the activities of political parties are allocated according to the results of the last elections.

When analyzing the proposed project, one of the assessment criteria could be identification of the main features characteristic to the present model of state financing of political parties in Lithuania. According to the aforementioned classification of individual countries, taking into account the influence of the state on the financial status of political parties, Lithuanian case can be considered as intermediate, i.e. the actual situation balances between a high level of state control and mixed systems, even though according to legal regulation of political parties it should apparently be categorized as a mixed system. The adoption of the proposed project would not change the situation, as it seeks to establish other criteria for financing political parties from the state budget.

Evaluating the existing regulation according to the form of direct state budget financing of political parties, the Lithuanian case is currently classified as the third model, i.e. currently not only political parties represented in the parliament are supported but also those that meet other conditions. Adopting the proposed project would place the model in the second category mentioned above, i.e. only those political parties represented in the parliament and self-governing institutions would be supported. In this context, the question arises: why the existing provision of the law, according to which state budget allocations are distributed based on results of the elections to the European Parliament is to be abandoned. Thus, it is not clear why, out of the three elections in the country, the results of which determine the allocation of state budget allocations to political parties, only the results of the Seimas elections and municipal council elections are taken into account.

³⁰ Lietuvos Respublikos Ruling of the Constitutional Court of the Republic of Lithuania of 12 March 2012. <<http://lrkt.lt/lt/teismo-aktai/paieska/135/ta110/content>>

³¹ <https://e-seimas.lrs.lt/portal/legalAct/lt/TAP/076eab70633511e8b7d2b2d2ca774092?positionInSearchResults=17&searchModelUID=2675cb5e-4125-4a76-b8f8-01ebb655d830>

In addition, the different proportions of state budget allocations according to mandates (two-thirds and one-third respectively) received at the Seimas of the Republic of Lithuania and municipal councils also raise questions. It seems that, in order to strengthen democracy, the distribution of proportions from the municipal level could be even reversed. Without debating on this aspect, it would be more correct to set equal proportions.

It is to be welcomed that the adoption of proposed project would also entail budget allocation procedure changes for allocating appropriations, changing the existing proportions (currently it comprises of 60% of the votes cast in the Seimas elections and 19% in municipal council elections; the changes would be as follows - 67% and 33%, so the influence of municipal council election results would greatly increase).

The second model described above, i.e. the number of valid electoral votes received, is currently applied in Lithuania on the basis of eligibility for a state budget allocation. Thus, the state budget allocation is distributed to those political parties that have received at least 3% of the total votes cast for the candidates of the political parties in Seimas elections, municipal council elections, and European Parliament elections that result in these state budget allocations. In this context it should be emphasized that the legislator cannot facilitate the formation of a one-party system. The statutory right of one political party, which has received the largest number of votes in the Seimas elections, to receive allocations from the state budget would essentially create unconstitutional preconditions for the formation of a one-party system. Therefore, it is stated that "it is possible to understand and justify the fact that parties receiving state funding do not receive the largest number of votes, but at least 3%."³² It is noted that the positive aspect of the established legal regulation in this regard is that the state budget allocation is granted taking into account the number of valid votes cast by candidates or lists nominated by political parties or their coalitions both in multi-member and single-member constituencies of Seimas elections and it is calimed that, there is no distortion in the amount of voter support shown to political parties.³³

In answering the question to which group of countries would Lithuania belong to in terms of results of participation in elections, the case of Lithuania would be attributable to a group that requires stronger voter support for political parties to qualify for a state budget allocation.

In addition, a further assessment of the current and projected legal regulation presumes that voter support for political parties is more reflected in the current situation, i.e. votes cast by voters instead of won mandates, since different mandates require different numbers of votes in municipal council elections; whereas, in a single-member Seimas elections constituencies, the mandate of a constituency by repeated voting may be won by a very small majority.

In the context of this and other attempts to change the existing legal regulation, it must also be emphasized that, when state provides funding to political parties, it must carefully consider the possible criteria for allocating funds and ensure that all political parties having a big number and few members, long-standing and newly formed would have equal access to political activities. Thus, it is the task of the state to ensure that political parties receive sufficient funding while remaining independent and free from influence when making decisions.³⁴

In this context, it is important to mention that a very important constitutional principle of equality must be ensured in the legislative process, therefore it is worth recalling once again the doctrine formed by the Constitutional Court on this issue. Thus, while interpreting the constitutional principle of equality of persons, the Constitutional Court in its ruling on 28 February 1996 stated that this principle is applicable not only to natural persons but also to legal persons³⁵. The Constitutional Court has repeatedly emphasized that the principle of equality of persons entrenched in Article 29 of the Constitution must be construed inseparably from other provisions of the Constitution, *inter alia* from the provisions establishing the rights and freedoms of the individual, as well as from the constitutional principle of the rule of law, which is a universal principle underpinning the entire Lithuanian legal system and the Constitution itself.³⁶ Violation of the constitutional principle of equality of a person is at the same time a violation of the constitutional imperatives of justice and a harmonious society, and thus of the constitutional state under the rule of law.³⁷ The Constitutional Court noted several times that the Constitution

³² Šileikis, E. Alternatyvi konstitucinė teisė. Second revised and supplemented edition. Vilnius: Teisinės informacijos centas. Vilnius, 2005, p. 302.

³³ Masnevaitė, E. Politinių partijų ir politinių kampanijų finansavimo teisinis reguliavimas Lietuvoje. Doctoral dissertation. Socialiniai mokslai, teisė (01S), Vilnius: Vilniaus universitetas, 2010, p. 125.

³⁴ Miškinis, A.; Ulevičiūtė, G. Lietuvos politinių partijų finansavimo šaltinių analizė. Business systems and economics. Mykolas Romeris University. Vol. 3 (1), 2013, p. 20th

³⁵ <<http://www.lrkt.lt/lt/teismo-aktai/paieska/135/ta404/content>>

³⁶ Ruling of the Constitutional Court of the Republic of Lithuania of 9 November 2010. <<http://www.lrkt.lt/lt/teismo-aktai/paieska/135/ta404/content>>

³⁷ Ruling of the Constitutional Court of the Republic of Lithuania of 30 April 213. <<http://www.lrkt.lt/lt/teismo-aktai/paieska/135/ta84/content>>

does not protect or defend such rights acquired by a person, which, by their content, are privileges, since the protection and defense of privileges would mean that the constitutional principles of equality of persons and justice are violated.³⁸ The Constitutional Court has emphasized that the constitutional principle of equality of persons is violated if certain persons or groups of persons are treated differently, although differences between them of such kind and of such scope objectively justify such unequal treatment. Differentiated legal regulation is applied for certain groups of persons with the same characteristics and is not in itself considered discriminatory if it pursues positive, socially important objectives or if the imposition of certain restrictions or conditions is connected with the characteristics of the peculiarities of regulated public relations. It has been repeatedly noted in the acts of the Constitutional Court, that when assessing whether different regulation is reasonably established, it is necessary to take into account specific legal circumstances; first of all, differences in the legal position of persons and objects subject to different legal regulation.³⁹

The following principles are set out for the financing of political parties from the budget: equality, freedom and transparency. The principle of equality means that all political parties must have equal access to all sources of funding regulated by law, as this would create equal conditions for their activities. The principle of freedom is perceived as an opportunity for parties to raise funds from various sources according to their potential. Implementing and abiding the principle of transparency is essential to reduce the chances of corruption and to prevent speculation on this subject.⁴⁰

In a broader interpretation of the principle of equality, it has to be emphasized, that such distribution of budget allocations when each party or candidate receives the same amount of money, regardless of popularity or seats in parliament, is called "strictly proportional". Such order is criticized for making it difficult for new parties to access state funding and engage in political activities. Under this regulation, state funding is properly distributed to existing parties, but new parties are not able to obtain budget allocations and establish themselves in the political arena. Some countries (Hungary, Czech Republic and Germany) combine the principles of proportionality and equality in the allocation of budget appropriations. The principle of equality means that all political parties must have equal access to all sources of funding laid out by the law, which would ensure equal conditions for their activities⁴¹.

Thus, it is likely that the adoption of the proposed project would result in a narrower spectrum of political parties funded from the state budget. Especially when considering the project from the point of view of the principle of equality, it is expected that fewer political parties would have access to state funding, which would limit party pluralism and reduce the ability of political parties to establish themselves in the political arena.

Thus, it can be said that each country can and should choose such model of financing political parties that best reflects the established political traditions and creates the appropriate preconditions for the further development of democracy. Finally, it remains to be hoped that the legislature, knowing what important changes are likely to happen when making one or another decision on the financing of political parties, will choose the best option that has been carefully considered, because, as already mentioned, possible changes in existing legal regulation can have a significant impact on the further development of political parties, society and the state as a whole.

Conclusions

1. Political parties are a necessary attribute of every democratic country; they enable all sectors of society to participate in the competitive struggle for political power and to form state law institutions.

2. The issue of political party financing is a matter of common concern to all countries: there are different models of political parties financing. Most countries have access to allocations from the state budget, but the criteria that determine the level of allocations are not the same and depend on the political traditions, financial capacity, etc. in each country.

3. The legal status of political parties, including their funding has changed many times in the Republic of Lithuania since 1990. Recently new attempts have been made to change the existing funding model, but it is necessary to ascertain the merits of such proposals over the current regulatory framework before undertaking any reform. It is important to realize that

³⁸Ruling of the Constitutional Court of the Republic of Lithuania of 5 October 2016. <<http://www.lrkt.lt/lt/teismo-aktai/paieska/135/ta1642/content>>

³⁹Ruling of the Constitutional Court of the Republic of Lithuania of 27 October 2016. <<http://www.lrkt.lt/lt/teismo-aktai/paieska/135/ta1647/content>>

⁴⁰ Pečkys, V. Politinių partijų finansavimas: aktualijos ir problemos. Socialinių mokslų studijos. 2011, 3 (2), p. 455.

⁴¹ Miškinis, A.; Ulevičiūtė, G. Lietuvos politinių partijų finansavimo šaltinių analizė. Business systems and economics. Mykolas Romeris University. Vol. 3 (1), 2013, p. 89.

changes can have a significant impact on the further development of political parties, society and the state as well as the development of democracy.

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