This chapter deals with political parties: why they emerged, how they can be classified, what functions they perform, how they interact, and what challenges they are facing today. One of the paradoxes about democracies is that there is almost a unanimous consensus about the indispensability of political parties. On the other hand, the benefits of being a member of a political party are bound to be minuscule compared to the costs of membership. Thus it is irrational for people to join parties. They should only form (small) interest groups. The chapter first provides a historical background on the development of political parties before discussing their functions, such as legitimation of the political system, structuring the popular vote, and formulation of public policy. It then considers different types of political parties as well as the characteristics of party systems and concludes with an analysis of the problems facing political parties today.