



# FINAL PRESENTATION STUDY AND RESEARCH IN KYOTO UNIVERSITY

## *"Analysis of Political Financing in Indonesia"*

GSGES Short-term Scholarship Program  
Kyoto University, Japan

Kyoto University, September 24<sup>th</sup>, 2015

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## I. INTRODUCTION

<b>Name</b>	Saeful Muluk
<b>Affiliation</b>	Graduate School of Development Studies, Bandung Institute of Technology (ITB), Indonesia
	Center for Southeast Asian Studies (CSEAS), Kyoto University, Japan
<b>Supervisor</b>	Sony Yuliar, Ph.D (ITB), Indonesia
	Prof. Kosuke MIZUNO (Kyoto University), Japan
<b>Duration</b>	6 month (2 April – 29 September 2015)

### **Undergraduate Study in Padjadjaran University, Bandung**

Media Studies, *The Inclination of TEMPO Coverage in Bulog Case, a Framing Analysis.*

### **The topic of master thesis:**

Democracy Studies, *Analysis of Political Financing in Indonesia*

## II. STUDY

Spring Semester, April 8<sup>th</sup> – July 22<sup>nd</sup>

No.	Course Code	Course Title	Instructor	Credits
1	3103	Management of Global Resources and Ecosystems	Funakawa, Shibata, Yamashita	2
2	3104	Environmental Ethics and Environmental Education	Shaw, Singer, Gannon	2
3	3105	Global Environmental Policy and Economics	Usami, Mori (A)	2
4	3284	Sustainable Rural Development	Hoshino, Hashimoto	1
5	3601	Information Processing for Environmental Management	Saizen, Tsutsumida	2
6	4501	Environmental Leadership A	Fujii, Shaw, Tanaka (H), others	1
7	4515	Integrated Watershed and Coastal Management	Yamashita, other	2

### Other activities:

- Socio economic lecture at CSEAS by Prof. Kosuke Mizuno
- Field trip to Wakayama (June 27<sup>th</sup> – 28<sup>th</sup>) facilitated by GSGES Office
- Attending some discussions at CSEAS



## III. RESEARCH

### • Research Topic:

Analysis of Political Financing in Indonesia

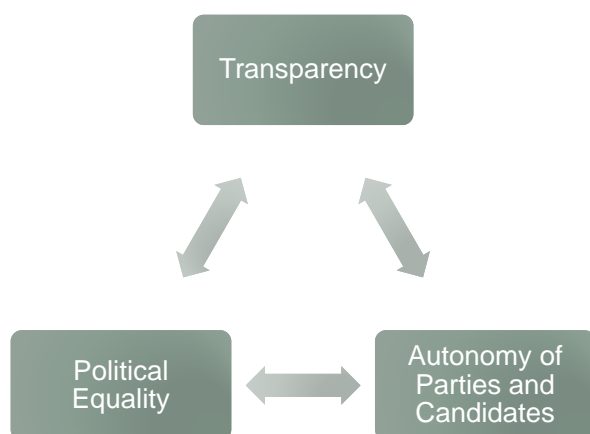
### • Research Activities in Kyoto University:

- Literature study on comparative studies on political financing in democratic countries, political corruption, and democracy theories and practices.
- Document study on political financing regulations in Indonesia
- Presentation and discussion in Socio Economic Seminar at CSEAS.

### Background

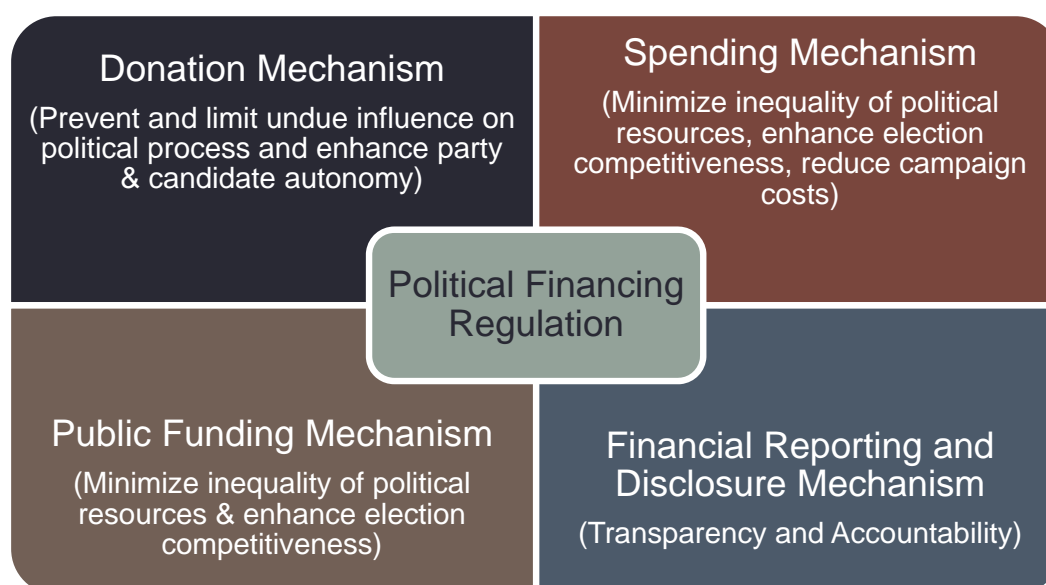
- The role of money in political process is important and interesting to be studied within the context of development of Indonesian democracy.
- Challenges in development of democracy in Indonesia:
  - Political corruption (Indonesia's policymakers have become dependent on oligarchic interests to fund their political operations) (BTI, 2104)
  - Political inequality caused mainly by extreme economic/material resources inequality (Winters, 2011)

## Analytical Framework of Political Financing



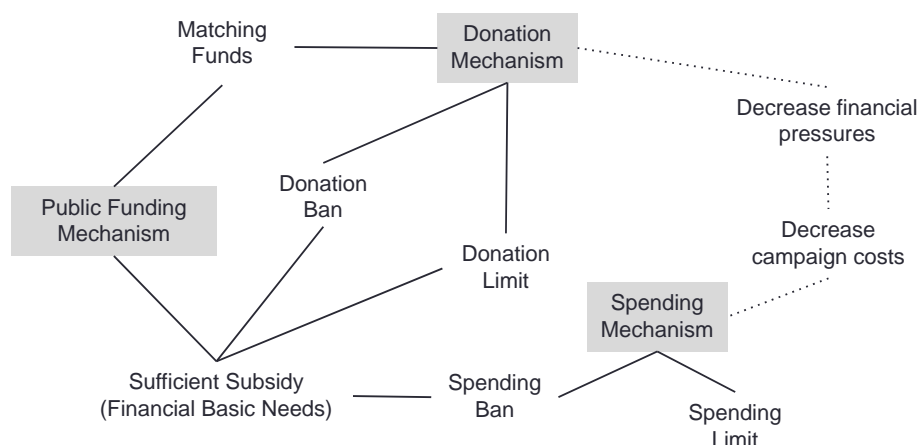
- The political financing is important from two perspectives:
  - Firstly, parties and candidates in elections are essential elements of the democratic process.
  - Secondly, party funding is important from the point of view of the currently fashionable issue of political corruption. (Smilov & Toplak, 2007)

## Structure of Political Financing





## Structure of Party and Candidate Autonomy & Political Equality



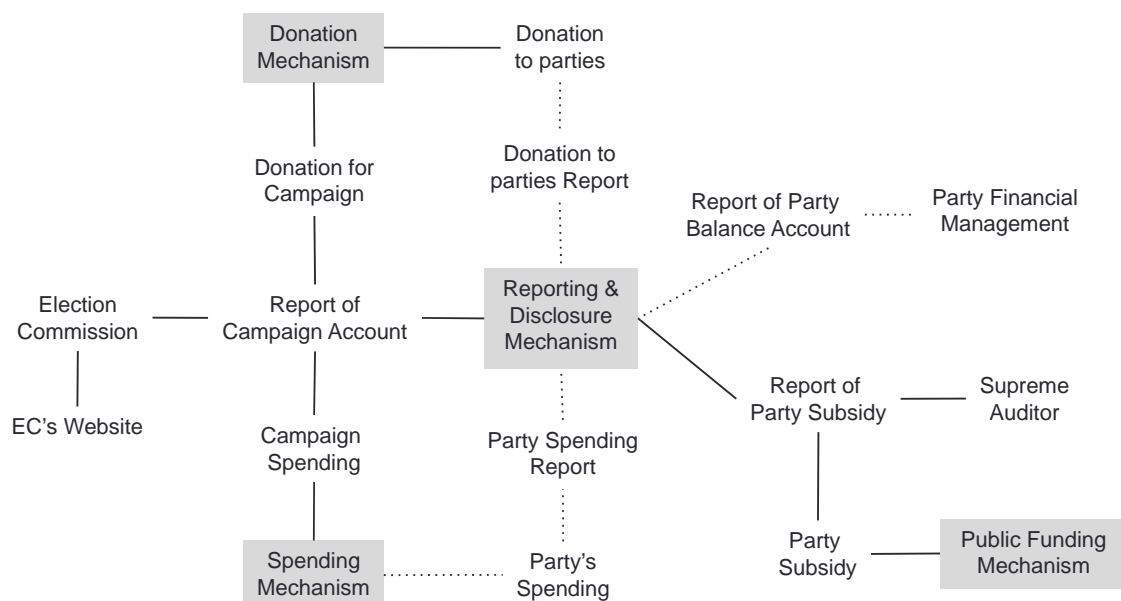
- Matching funds and sufficient subsidy combined with donation ban, donation limit, and spending ban might enhance the autonomy of parties and candidates and degrade the undue influence of large donors.
- Spending ban and spending limit might equalize the use of political resources between candidates and decrease the overall campaign costs.

## Current Political Financing Regulations



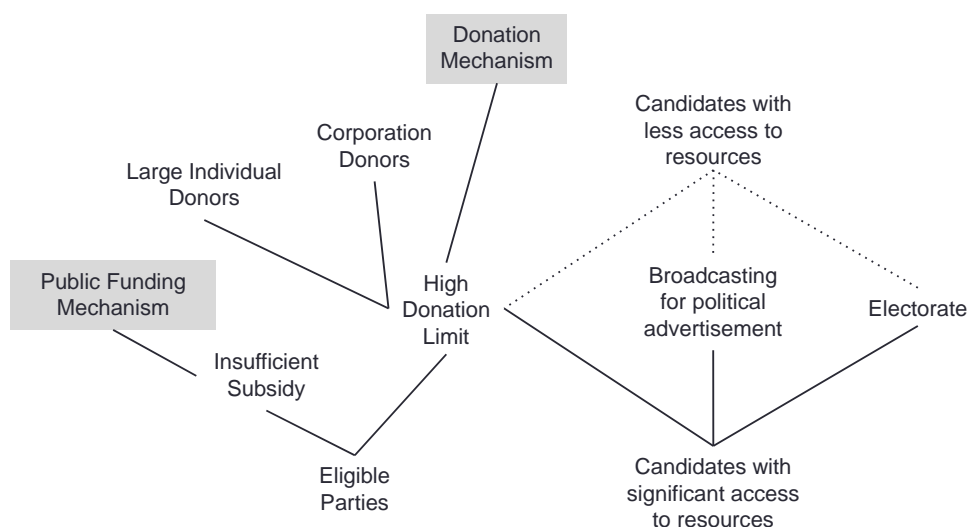
- Political financing in Indonesia regulated under several acts regarding political party and elections (Political Party Act 2008 & its amendment 2011; Legislative Election Act 2012; Presidential Election Act 2008).
- Contribution limits are up to IDR 1 b (individual) and 7,5 b (corporation).
- Disclosure of donors and donation amount to party left to the party (meaning no regulation)

## Transparency and Enforceability Structure in Current Political Financing Regulations



- Donation and spending for campaign are likely to be disclosed. EC published the guidance for campaign fund reporting. But, no specific regulation and guidance on donation to party and the party's spending as well as party balance account so that there little possibility to disclose them.
- The absence of oversight and enforcing body makes the transparency more difficult to be enforced.

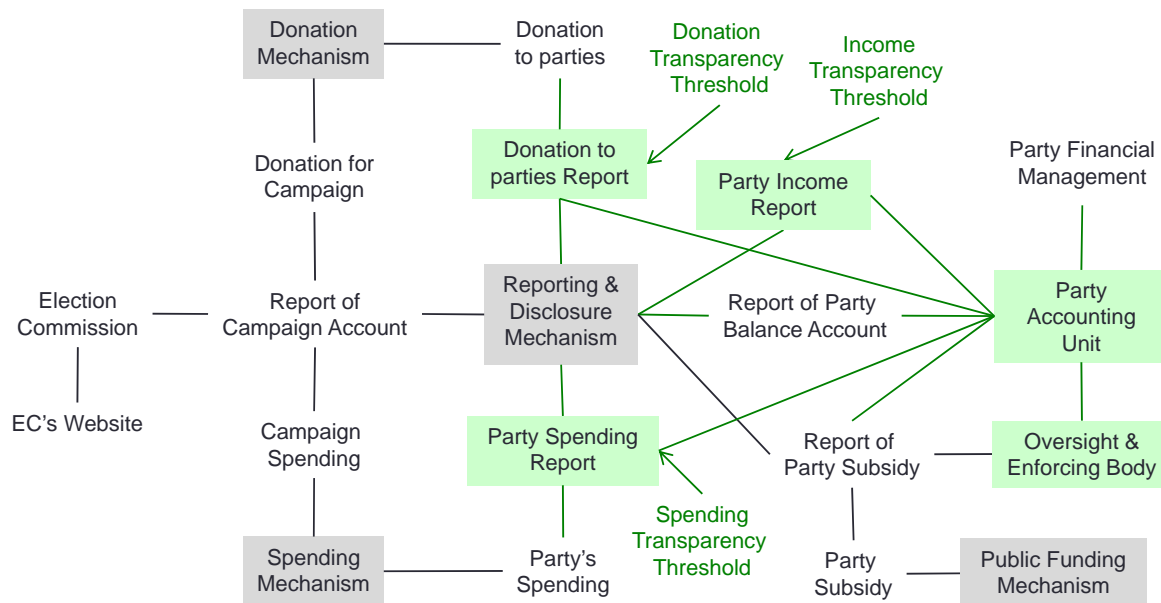
## Structure of Party Autonomy and Political Equality in Current Political Financing Regulations



- **High donation limit and insufficient subsidy** might lead the parties to rely heavily on the large individual and corporate donations. High donation limit also gives room for large donation (individual and corporate) to influence the political processes and outcomes.
- **High donation limit combined with access to broadcasting** for political advertisement give advantages more to candidates with significant access to resources than those who less access.
- **Spending mechanism** as tool for equalize the political resources use does not exist.

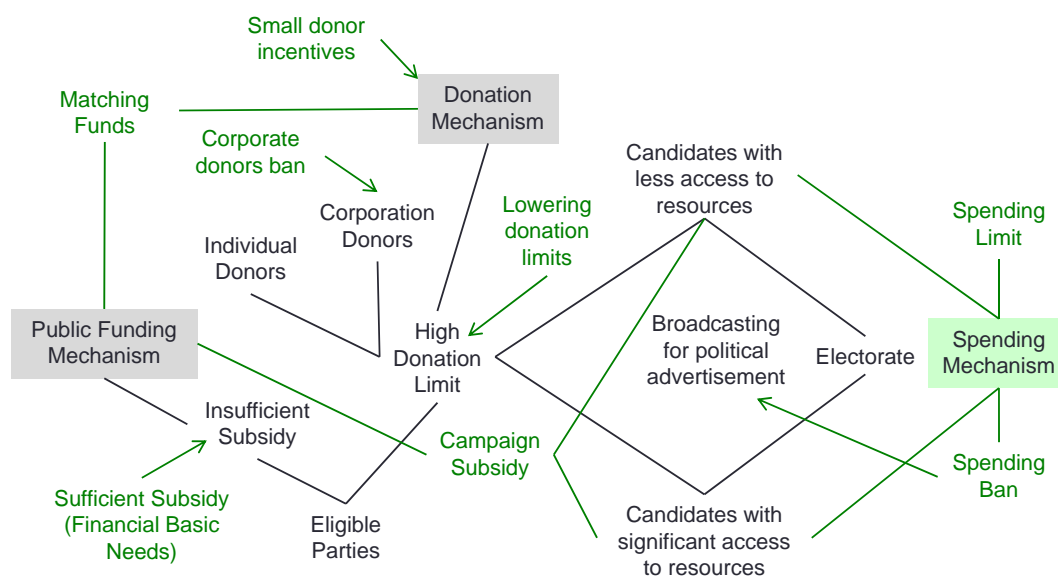


## Proposed Transparency and Enforceability Structure



- Party accounting unit combined with strengthened oversight and enforcing body will play key role in enhancing political financing transparency and regulation enforceability.
- Developing proper transparency thresholds will also encourage transparency and enforceability.

## Proposed Structure of Party and Candidates Autonomy and Political Equality



Introducing spending mechanism and new policy tools into the current regulation might increase party autonomy and decrease political inequality between candidates.

# Conclusion

- The current political financing regulations provide many loopholes which contradict with the development of democracy and lead to increasing the political corruption.
- From the perspective of consolidation of democracy and political corruption, political financing regulations in Indonesia give a little institutional incentives for relevant political actors:
  - to respect the democratic rule of law,
  - to minimize political inequality in electoral process,
  - to increase political financial transparency, and
  - to increase the autonomy of the parties and candidates.
- The reform of political financing regulations is important and should be designed carefully within the context of development of democracy and regulating the role of money in politics.

## IV. OUTCOMES

### Outcomes

- Parts of my thesis done
- Gaining new understanding about environmental issues such as dynamic relation between human, nature, and culture (e.g. Satoyama) and connectivity of hill, human, and ocean (CoHHO), etc.
- Getting a valuable experiences about study and life in developed country.
  - Materials, processes, tools, and methods of study.
  - Food, traditions and cultures, life style, environment, public facilities, entertainment, etc.
- Increased friends and networks.

### Acknowledgement

I would like to express my deep gratitude to:

- **Prof. Shigeo FUJII** as Dean of GSGES and Coordinator of “Southeast Asian Studies for Sustainable Humanosphere” GSGES Short-term Scholarship Program
- **Prof. Kosuke MIZUNO** as supervisor
- **Gaku MASUDA** as officer of GSGES Short-term Scholarship Program with a very valuable assistances and friendship during the program.
- Director and Research Liaison Officers at CSEAS
- Lecturers and Staffs of GSGES Office





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