

Political parties are still the most important agents of indirect democracy. Despite declining public trust in their role and performance — not only in Indonesia but also in many industrialized countries — there is no alternative as yet to supersede their position as purveyor of the political aspirations of their constituents and the realization of people's participation in political decision-making.

It is therefore a pity if this role becomes neglected simply because the financing of political parties remains unsettled. The widening scope of malfeasance of politicians in corruption and illegal funding should be better analyzed from both a subjective and objective point of view. Subjectively, it has something to do with the moral maturation of an individual, his or her understanding of political correctness, as well as the possibilities and the limits of political maneuvering allowed by law. Objectively, one must look at the structural and organizational setup of a political party, its constitution and bylaws and its relation to the state and civil society.

So, should political parties be financed by the state, by the resources in civil society or by political parties themselves? For now, business seems to go on as usual but the problem of financing remains unresolved, with so many unnecessary detrimental implications.

Yet no political party in Indonesia can exist and survive on member fees alone. This is all the more so considering that many join a political party because they hope to get easy money in a relatively short time, making use of connections the political parties have with people in power or people with big capital. Through personal communication and unofficial statements we have learned that political parties used to take a portion of up to 25 percent from their legislators' salaries to pay party expenses.

The state nevertheless provides the political parties with public funds, the amount and arrangement of which changes from time to time. In 2000, the amount was calculated on the basis of the number of votes a party got in the previous election — X votes times Rp 1,000 (8 US cents). This per capita subvention went up and down in the course of years until 2005 when President Susilo Bambang Yudhoyono decided through a presidential decree that the state provide Rp 21 million per seat in the House of Representatives. The new arrangement resulted in a substantial reduction of state subvention to political parties, which began getting more money from the private sector by offering the position of party chairman to businesspeople who could make substantial contributions to the political party.

An Indonesianist of the younger generation from the Australian National University, Marcus Mietzner, calls this change the "oligarchization" of political parties. The rise of Jusuf Kalla to party chairmanship in 2004, Sutrisno Bachir in 2005, Aburizal Bakrie in 2009 and Hatta Rajasa in 2011, clearly marked this tendency (Mietzner, *Money, Power and Ideology*, 2013). According to Mietzner, this development has resulted in two related effects. On the one hand, the loyalty of party members to their chairmen is increasing considerably, while on the other, the party chairmen are reluctant to hand over party financing to the state because this might lessen the loyalty (and the dependency) of party members to them. One can say that there is a metamorphosis of oligarchization of political parties into personalized politics by and large.

In case the party chairperson cannot provide the party with sufficient funds, the party leaders are inclined to seek contributions from private companies. The situation was seriously aggravated by the highly multiplied frequency of elections ever since the introduction of the direct presidential election in 2004 and direct local elections in 2005. This translates to an enormous increase in election costs.

At the same time, the contribution of a private company to a political party is fixed by the election law. The challenge posed by shortage of financing became a temptation for political parties to get more funds in all possible ways. The obligation to pay back the funds given by private companies has gradually led political parties into a sort of vicious circle. The necessity to get more money can cause them to use illegal tricks, and the obligation to pay back brings them into the same difficulties.

Considering all these difficulties, the safer way to help political parties is to let the state take over campaign financing with clear rules and regulations. In many industrialized countries the state financing for political parties is incorporated into state expenditure and is provided on the basis of the number of party's paying members and the program and budget proposal submitted to the government.

The Labor Party in the Netherlands received from its government ≈10 million (\$13.6 million) in 2013, which was allocated for all programs of the party, not only to subsidize election expenses. Thus, there should be an annual report on the use of the funds along with the rationale of the spending.

However, state financing for political parties faces two possible challenges. First, the idea of state financing will enable smaller political parties to survive and to develop, something which might not coincide with the interests of the bigger parties that are more inclined to have fewer competitors by excluding the smaller parties from political contest. Another challenge is that state funding can become a means to fabricate an “unholy” collaboration between the state and the political parties, whereby the bigger parties can make use of and even instrumentalize the state apparatus to serve their own interests.

As far as funding is concerned, the bigger parties could exclude minor parties from the state financing by introducing a threshold or measure for containment and curtailment through legislation. Political scientists have coined the term “cartelization” to indicate this possibility.

Political parties may have to choose between two inevitable evils. If they go for the private sponsorship they might fall into what Mietzner calls oligarchization of political parties. If they rely on state funding, this can lead to cartelization of political parties. In view of the state of affairs of political parties at the present juncture, I would argue that cartelization of political parties is the lesser evil.

The risk of cartelization is still far beyond the political imagination of both the state and the political parties in Indonesia. Though the government is more inclined to have a limited number of parties, this inclination is based on the concern of the unitary state and to forestall, to use

Mietzner's formulation, the centrifugal tendencies of too many local parties. Cartelization of political parties is still a theoretical risk, whereas oligarchization of parties is a tendency that is too real to underestimate.

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