

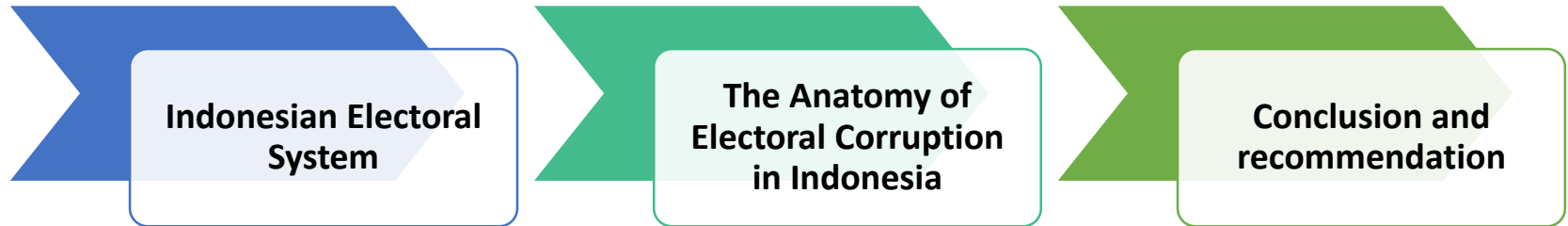
**Killing *Demokrasi*:
Duitokrasi and Electoral
Corruption in Indonesia**

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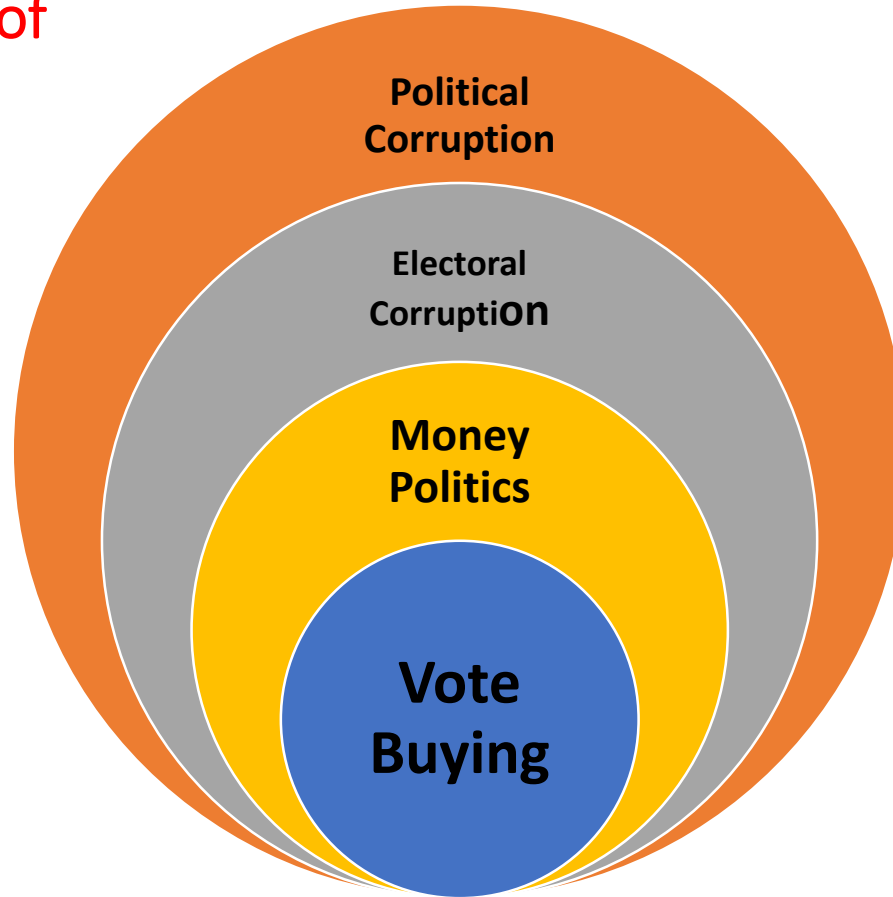
Outline



What is *Duitokrasi*?

- *Duit* means ‘money’ in Bahasa Indonesia.
- *Duitokrasi* is therefore when a government rules by money.
- This is inspired by John Nichols and Robert W. McChesney who named the elections in the US ‘Dollarocracy’, due to the strong influence of the dollar on the elections.
- In Indonesia, *duitokrasi* has killed *demokrasi*.
- Although Indonesia is more democratic since *Reformasi* began in 1998, the axiom ‘democracy reduces corruption’ is not always applicable in young democracies.

The Anatomy of Political Corruption



Indonesian Electoral System: Sources of Laws

The 1945
Constitution

Laws on Elections
Presidential Election
Legislative Election
Regional Heads Election
Election Organizer
Political Parties

Constitutional
Court's
decision

Indonesian Elections

- Under Soeharto's regime a quick count was not needed because even before the election day, we knew that Golkar Party would win.
- A 1999 – 2002 constitutional reform included **a new and separate chapter** on election, covering:
 - Free and fair principles
 - Type of elections
 - An independent electoral commission
- Despite having a better system, Indonesia needs to seriously address electoral corruption to stop *demokrasi* being killed by *duitokrasi*.

The Types of Indonesian Election

The Legislative Election

To elect HR, Senate and
Regional Parliament

Presidential Election

Regional Head Election

To elect Governor,
Mayor/Regent

Key Problems of Indonesia Electoral Corruption

1. Regulations

- No grand design in electoral laws: frequently changing regulations on elections, sometimes based on short term political interests, make it difficult to achieve a more democratic election.
- Absence of key provisions to prevent and combat electoral corruption.

2. Implementation

- Corrupt political parties: dominate political recruitment.
- High-cost election: election is becoming more and more expensive, both for parties and candidates.
- The *Duitokrasi* and 'Money Politics' in elections.

3. Poor performance of law enforcement on the electoral cases.

4. People lack understanding and awareness of electoral corruption.

5. Strong influence of oligarchs on parties and media.

1. REGULATIONS: Further electoral reform is needed

- The electoral regulations have been improved and are more adequate - but not enough to prevent and combat electoral corruption.
- No grand design. The laws are constantly changing. The law on regional head elections has been amended **FOUR** times in two years.
- Loop holes need to be closed:
 - No limitation on spending on campaigns.
 - Candidacy buying is prohibited in regional head elections, **based on amendments to the law in 2016**, but not yet in legislative or presidential elections.

2. Political Parties: the epicenter of electoral corruption?

- Cases of Anas Urbaningrum (Chair of Democrat Party), Suryadharma Ali (Chair of United Development Party), Luthfi Hassan Ishaq (Chair of Prosperous Justice Party)
- Number of corruptors by positions, during 2004 – June 2016

Position	Number of Corruptors
Parliament Member	119
Ministry	24
Ambassador	4
Commissioner	7
Governor	17
Mayor/Regent	50
Echelon I/II/III	129
Judge	14
Entrepreneur	142
Others	67

<http://acch.kpk.go.id/statistik-tindak-pidana-korupsi/>

Parties Financing - Worst Combination: very high donation limitation, no expenditure cap

- Not enough **legal** income, but uncontrolled **illegal** income
 - Sources: member contributions, legal donations, and state subsidies.
 - Membership fee is not effective. According to Burhanuddin Muhtadi, *party-ID* keeps decreasing.
 - State subsidies are just not enough.
- Prohibition on setting up a business entity.
- Limitation on donations of Rp 1 Billion for individual and Rp 7,5 Billion for corporation. Among the highest in the world.

Parties Financing

- **Nurkholis Hidayat (2016):**
 - In 2005, a new presidential decree reduced payments to **Rp 21 million per seat, or around Rp 108 per vote**. This massive reduction occurred, ironically, at a time when parties and election campaign costs increased dramatically.
 - PDIP's campaign expenses, for example, showed a dramatic increase to **Rp 376.3 billion in 2009, while it only received around Rp 1.5 billion** in public funds at the national level.

High-Cost Elections

- The state budget for elections significantly increased from Rp 3,5 trillion in 2004 to Rp 47,9 trillion in 2009.
- The proportional-with-open-list system has created competition not only among members of different parties, but also within the same parties (intra-party competition).
- In his Doctoral thesis, Pramono Anung states that political costs in Indonesia are very high. Candidate MPs need to spend between Rp **300 million to Rp 22 billion on elections**. One candidate even spent **Rp 18 billion just for a political consultant**.

Campaign Finance

- In both the 2004 and 2009 elections, civil society organizations such as Indonesia Corruption Watch (ICW) revealed detailed records on ‘fictitious donations’, vast differences between official and real expenditures and campaign accounts that included remarkably small amounts.
- The real expenses are much more higher than those reported to the electoral commission. For example:
 - PDIP **officially published campaign costs of Rp 38.9 billion** for the 2009 parliamentary and senatorial elections, but AC Nielsen’s report on television advertisements during the campaign period revealed that the political party had spent **over Rp 100 billion on television advertisements alone**.
 - In 2014, Indonesia's winning Jokowi-Kalla team representatives and the losing ones for the Prabowo-Hatta team **claim** that they successfully collected a combined **\$37 million**. But the real campaign expenses as estimated by the **University of Indonesia's Institute for Economic and Social Research** was **\$920 million**.

Nurkholis (2016)

TII: 2004 Election Campaign Finance – real expenditure much higher than the reported

No	Political Party	TII's Observation (Billions Rp)	Electoral Commission Audit (Billion Rp)	Gap (Billion Rp)
1.	PDIP	214.1	108.3	132.8
2.	Golkar	168.6	108.3	60.3
3.	PKB	95.2	8.1	87.1
4.	PPP	91.4	n/a	n/a
5.	PAN	75.6	25.7	49.5
6.	PKS	62.3	29.4	32.9
7.	Partai Demokrat	29.7	8.9	20.8
8.	PKPB	27.1	n/a	n/a
9.	PBB	14.5	n/a	n/a

Types of Electoral Corruption

- **Money laundering**
- **Candidacy buying**
- **Abusive donations**
- **Abuse of power by incumbents**
- **Electoral administrative corruption – bribery throughout the electoral stages**
 - **Akil Mochtar's case, the Chief Justice of Constitutional Court red-handed by the Corruption Eradication Commission receiving bribes in electoral cases**
- **Vote Buying**

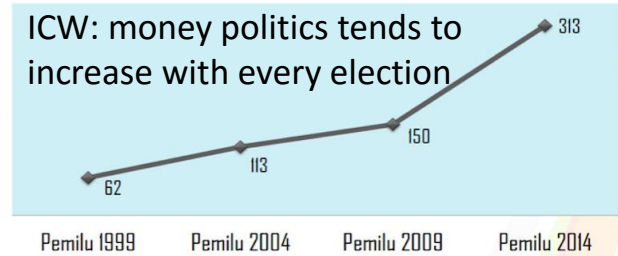
Money Politics

TII: Modus operandi of money politics

No	Modus	Number of Cases	Percentage (%)
1	Direct money distribution in campaign events	58	50.87
2	Money distribution through religious forums	5	4.38
3	Organizing social activities	14	12.28
4	Basic needs (sembako) distribution	7	6.14
5	Infrastructure development funding	9	7.89
6	Doorprize, lotterre, or trophy distribution	9	7.89
7	Scholarships	1	0.87
8	Donating religious institutions	3	2.63
9	Luxury goods distribution	5	4.38
10	Agricultural aid, such as fertilizer, etc.	3	2.63
Total		114	100

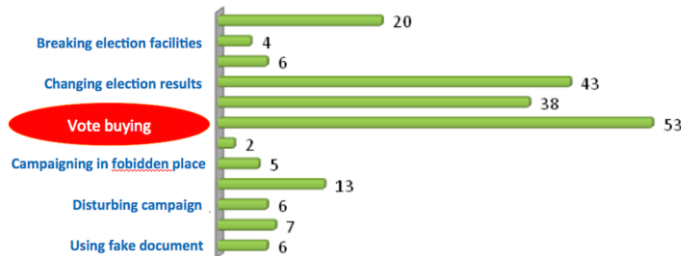
ICW: Vote buying is the most frequent form of electoral corruption

There are 313 findings during campaign-quiet days period and on the election day

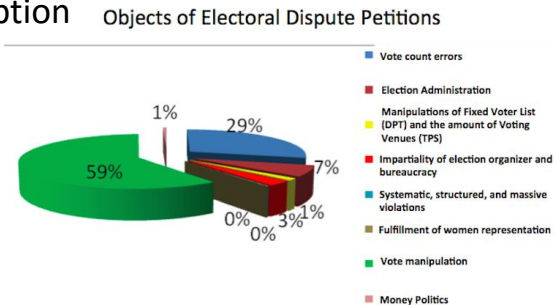


Sumber : ICW 2014. Diolah dari data pemantauan 199,2004,2009 dan 2014

Perludem 2014: Vote buying is the most frequent electoral crime



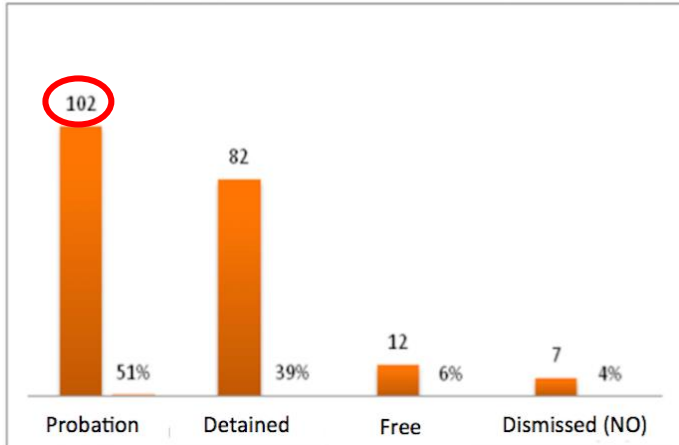
Perludem 2014: Cases in the Constitutional Court: majority related to electoral



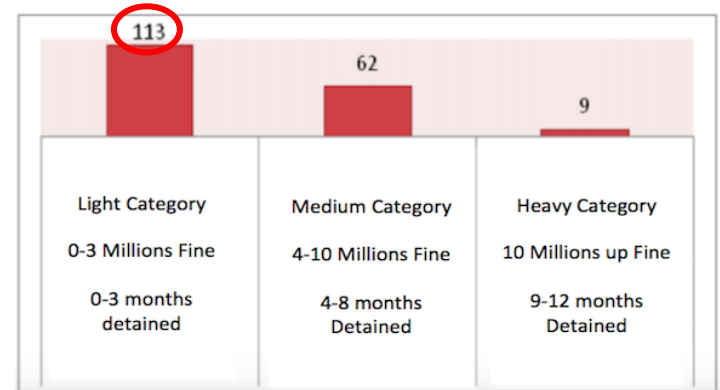
3. Ineffectiveness of Law Enforcement

Perludem 2014: 29 of 53 money politics cases only resulted in probationary sentences. The rest resulted in sentences between 1 month to 1 year, and fines between 500 thousand to 3 million Rupiah.

Decisions in 2014 Electoral Crimes



Qualifications of 2014 Electoral Crime Verdicts

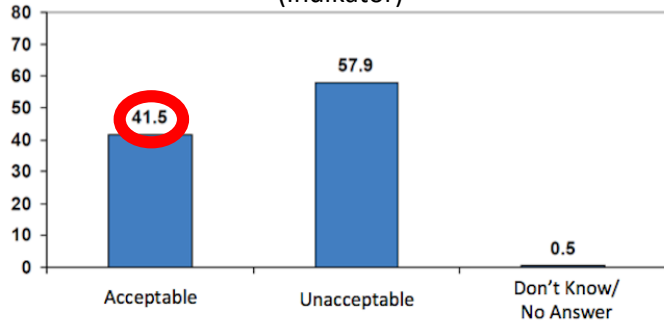


Nurkholis (2016): In the 2004 General Elections, of 2,413 election offence reports submitted by the Election Monitoring Committee (Panitia Pengawas Pemilu or 'Panwaslu') to the police, only 1,065 were sent to the court by the prosecutor, showing lack of effectiveness in the enforcement process.

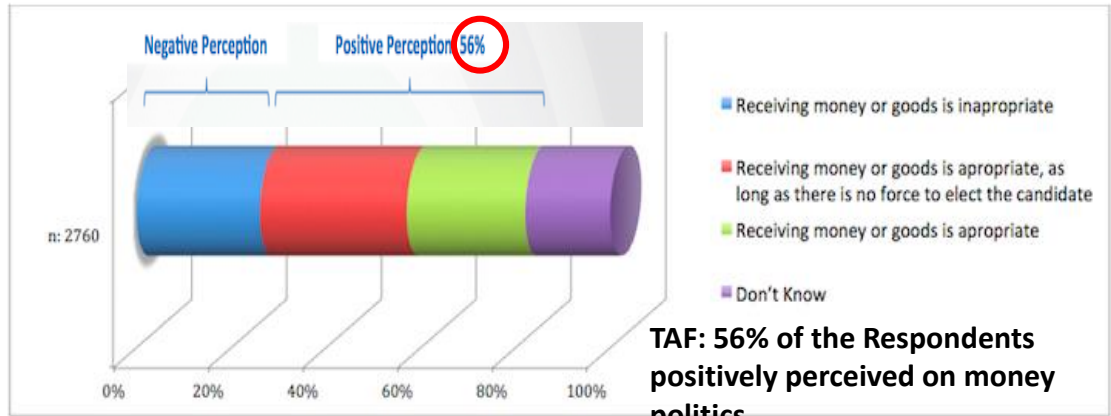
4. Voters behavior: 2013 Surveys

Tolerance Against Money Politics (%)

Survey in 39 election regions, Sep-Oct 2013
(Indikator)



Perception Survey in 6 provinces: Aceh, Jakarta, Jatim, Kaltim, Sulse, NTT

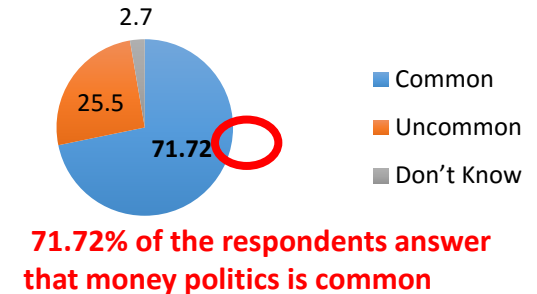


TAF: 56% of the Respondents positively perceived on money politics

KPK: People's Awareness towards Integrity Related Rules

No	Rules	Know (%)	Don't Know (%)
1	Obligation for candidates to report their wealth before the election	69.92	30.08
2	Prohibition for people who have ever been sentenced of crime for more than 5 years to run for election candidacy	55.66	44.34
3	Obligation for candidate to report their campaign finance	51.56	48.44
4	<u>Limitation of personal and corporate campaign donation</u>	33.69	66.31
5	Prohibition for candidate, political parties and/or campaign team members to promise and/or to give money or other materials in order to influence the voters	57.30	42.70
6	Disqualification of candidacy as result of being found promising and/or giving money or other materials in order to influence the voters	47.77	56.23

KPK: Is money politics common?



71.72% of the respondents answer that money politics is common

5. Oligarchs, Media Control and Elections

- **Nurkholis Hidayat (2016):**
 - Major media groups own **five out of six** Indonesian newspapers with the highest circulation, and all four biggest online news media sites. Further, ownership of TV stations is concentrated in five corporations that control 96.6% of all national stations.
 - The parties become vulnerable to and dependent on oligarchs – **a wealthy individual or conglomerates who dominate Indonesia political parties.**
- **Faisal Basri (2016):** Indonesia ranks as the third worst concentration of wealth, where only 10% own 77%, or 1% own 50.3% of the country's wealth.

<https://faisalbasri.com/2016/08/20/tren-ketimpangan-memburuk-dan-pesta-pora-para-kroni/>



Indonesia has one of the highest concentrations of wealth



The richest 10% of Indonesians own an estimated 77% of all the country's wealth

Recommendations

- **Grand design of more democratic electoral system needed, including support for party financing, limitation of expenditure on campaigns, and clearer and more enforceable provisions for money politics.**
- **Massive public education to combat electoral corruption, including money politics.**
- **Police, public prosecutors and judges' understanding of electoral corruption should be significantly upgraded.**
- **Limitations on oligarchs' influence and their media ownership.**