

# POLITICAL FINANCING AND ITS IMPACT ON THE QUALITY OF DEMOCRACY IN SOUTHEAST ASIA

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## Abstract

*Across the region, it is generally assumed that funding for parties and campaigns derives from sources such as membership fees, voluntary work by members and/or financial contributions by wealthy individual and interest groups. Yet what are the similarities and differences among the regimes and practices of political financing the region, and how do we understand the quality of democracy by looking at their political financing? Malaysia, Indonesia, Thailand and Myanmar have had their elections in the past three years. The article gives an overview of the countries' political financing regimes and/or practices to identify common denominators as well as draw linkage between political financing sources and democratic quality.*

**Keywords:** *political financing, democratization, Thailand, Myanmar, Malaysia, Indonesia*

2020 was a year of political contestations for some Southeast Asian countries. Some of these take the form of popular suffrage, or elections, such as Singapore's election in July, Myanmar's election in November, and in Indonesia, whose local elections – in December in 270 of its provinces and districts- was one of the world's largest elections. Political contestations also took other non-electoral forms, such as the ongoing political uncertainties in Malaysia, which had begun in February 2020 and which led to the appointment of Muhyiddin Yassin as prime minister replacing Mahathir Mohamad, whose coalition, the Pakatan Harapan (PH) had initially won Malaysia's groundbreaking election in 2018.

Political activities, especially elections, are costly. Yet, the financial aspects of political activities such as campaign and party financing, have not been at the center of scholarly attention. Across Southeast Asia, it is at times taken for granted that funding for parties and campaigns derives from sources such as membership fees, voluntary work done by the rank-and-file members, and/or the more problematic financial contributions by wealthy individuals and interest groups. However, is this always the case? Are there common denominators of political parties and campaign financing regimes in the region?

This article aims at answering the following questions: What are the similarities and differences among the regimes of political financing, i.e. political parties and campaign financing, in some Southeast Asian countries? How do we understand each country's democratic quality by looking at their political financing? The article gives an overview of Malaysia, Indonesia, Thailand and Myanmar's political financing regimes and/or practices in particular in order to identify common denominators as well as draw linkage between political financing sources and democratic quality. Indonesia's recent elections were generally free and fair, yet political parties' financing is fragmented and aggravates patronage relations. Malaysia is an example of electoral polity with semi-competitive election and multi-party systems, while Thailand equivocates between military interventionism and electoral democracy especially exhibited by the competition between Thaksin Shinawatra's political influence and the military. At the time of writing, the Myanmar military has staged a coup and detained Aung San Suu Kyi and other democratically elected leaders, following parliamentary elections lost by the army-backed

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opposition.<sup>2</sup> Prior to the coup Myanmar has exhibited a retreat of democracy for its lack of capacity to address the plight of its ethnic minorities.

Norris and Es broadly define political finance as all money earned or spent by parties and candidates during and apart from political campaigns.<sup>3</sup> As evidenced in many campaigns and other instances of political activities, the regulation of political finance in Southeast Asia is flexible and problematic. On the one hand, regulations seem to be strict, yet on the other the control mechanism is frail, leading to weak implementation of regulations. This is at the face of growing demands for non-governmental oversight structures which is represented by organizations such as Transparency International in Malaysia and Indonesia Corruption Watch, which struggle for transparent political finance regulations in order to create fair political contestations during elections. The International Institute for Democracy and Electoral Assistance (International IDEA) 2019 report mentions the absence of regulations, intersection between business and politics, informal management practices of parties and campaigns, unrealistic rules and regulations and discourage competition as challenges in the region.<sup>4</sup>

Discussing common sources for party finance in different polities, Scarrow wrote that they may derive from public purse, (whether subsidies or patronage resources), party-run businesses, membership dues, and donations (from party members, members who are officeholders, companies or trade unions).<sup>5</sup> Examining political parties in Western democracies, Von Beyme classified these sources as “internal”, referring to dues and donations from party members, contributions from office holders, and funds generated by businesses connected to the party such as newspaper or research services; “external”, including non-party members’ donations, as well as donations from companies, unions and other organizations; and “state support”, which denotes both direct and indirect subsidies (comprising tax benefits for contributions and the provision of free services).<sup>6</sup>

It is generally understood that one of the underlying factors explaining the ability of electoral authoritarian regimes to maintain power is the latter’s access to significant financial resources to use towards their political goals, and this access is often guaranteed the laws and institutions overseeing political finance.

Malaysia’s former Pakatan Harapan (PH) government had promised, in its 2018 electoral manifesto, to push for electoral reform by introducing Political Financing Control Act which would introduce principles of accountability and transparency in political funds: including regulating that qualified political parties would receive annual funding from the government according to a formula that is transparent and consistent, that all political contributions must be from sources that can be identified, that political parties must submit audited financial reports every year, that political parties cannot have assets in excess of RM 1 billion (approx. USD 247,341,200) and that government-owned companies are not allowed to make political contributions. These reforms plans were initiated partly also to address the corruption involving the 1MDB economic development fund which implicated former PM Najib Razak, the leader of Malaysia’s Barisan National (BN) coalition. After coming into power in 2018, Prime Minister Mahathir Mohamad’s government launched its National Anti-Corruption Plan (NACP) in January 2019, reiterating commitment to “introduce new legislation on governing political funding and to include an

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2 “Myanmar coup: Aung San Suu Kyi detained as military seizes control,” BBC, 1 February 2020, <https://www.bbc.com/news/world-asia-55882489>

3 Pippa Norris and Andrea Abel Van Es, eds. *Checkbook elections?: Political finance in comparative perspective*. Oxford University Press, 2016.

4 Erik Mobernd, Fernando Casal Bértoa and Yukihiko Hamada (2019), “The Integrity of Political Finance Systems in Asia: Tackling Political Corruption”, *International IDEA Policy Paper* No. 19, <https://www.idea.int/sites/default/files/publications/integrity-of-political-finance-systems-in-asia.pdf>

5 Susan E. Scarrow, “Political finance in comparative perspective.” *Annual Review of Political Science* 10 (2007): 193-210.

6 Klaus Von Beyme, *Political parties in Western democracies*. Gower Publishing Company, Limited, 1985.

offence on lobbying” by December 2020. However, the ongoing political crisis which began in February 2020 had toppled the PH government and in turn also impeded the efforts towards electoral reform, including the above reform on political financing regime.

In Indonesia, where the problems of political financing, e.g. vote-buying and patronage relations with businesses, are tolerated, it is widely accepted that petty corruption is widespread during elections. Marcus Mietzner wrote that one of the reasons for this was that the post-authoritarian era political parties felt forced to constantly search for funds to finance their daily operations, expensive campaigns and the extravagant lifestyles of their leaders; while the central party headquarters in Jakarta received almost no state subsidy and very few legal donations, nor collect any significant fund from membership fees.<sup>7</sup> This, and the reduction of funding of central party offices, are the main reasons for the rise of illicit fundraising and businessmen patronage since 2005. However, the political finance oversight regime was also designed to be ineffective by a political elite which all seek to avoid public scrutiny into its financial affairs, a phenomenon that Marcus Mietzner calls “impunity-by-consensus”.<sup>8</sup>

Since 1955, Thailand has passed six different laws on political parties, which were designed to strengthen military-backed parties. Waitoolkiat and Chambers wrote that during the 1980s and 1990s, business-political parties linkages developed while vote-buying was widespread mostly in the rural areas, with the regional factions or party bigwigs as the main financial sponsors for larger and small parties respectively.<sup>9</sup> This has resulted in a decentralized and personalized party control. Meanwhile, state subsidies were unavailable, leading to the shallowness and weakness of party organization. The Asian financial crisis pushed for party reforms, including on the regulation of political finance, resulting in new party acts in 1998 and 2007 which purported more transparency and accountability. This has in turn resulted in the Political Party Development Fund (PPDF) which contributed USD 77.6 million to 81 parties between 1999 and 2013. Moreover, the 1997 and 2007 Constitutions empowered the Election Commission of Thailand (ECT) to resolve to the Constitutional Court for decisions on party bans. These reforms forced politicians to disclose their spending.

However, the 2007 formula of state subsidies’ distribution benefited mostly large parties while private donation generally come from party leadership and/or businesses. Therefore, on the one hand, there has been slapdash on the enforcement of regulation concerning private donation and vote-buying yet on the other hand, targeted by the incumbent power holders, ECT and Constitutional Court implemented penalties. In some cases, such as one which caused the recent street rallies, some parties were dissolved due to insufficient information on expenses.

Since 2015, Myanmar has conducted four elections: the 2015 general elections and the 2017 and 2018 by-elections and the 2020 general elections. IDEA International listed several aspects in need for improvement pertaining to campaign finance:<sup>10</sup> firstly, financial disclosure. Candidates are required to detail their income and expenditure throughout the campaign period. This report, dubbed Form 20, must be submitted to the Union Election Commission (UEC) sub-commissions 30 days after the announcement of results. However, political parties are not obliged to submit their financial reports to UEC unless officially inquired to do so. Secondly, all candidates running for election in all three legislative bodies: *Pyithu Hluttaw* (Lower House), *Amyotha Hluttaw* (Upper House) and State/Region *Hluttaw* (regional parliaments). The regulations stipulate that

7 Marcus Mietzner (2015) Dysfunction by Design: Political Finance and Corruption in Indonesia, *Critical Asian Studies*, 47:4, 587-610, DOI: 10.1080/14672715.2015.1079991

8 Andreas Ufen and Marcus Mietzner (2015) Political Finance Regimes in Southeast Asia: Introduction, *Critical Asian Studies*, 47:4, 558-563, DOI: 10.1080/14672715.2015.1082260, p.561.

9 Waitoolkiat, Napisa and Paul Chambers (2015) Political Party Finance in Thailand Today: Evolution, Reform, and Control, *Critical Asian Studies*, 47:4, 611-640, DOI: 10.1080/14672715.2015.1091211

10 Pyae Sone (2018) “Room for improvement: Myanmar’s campaign finance framework”, International IDEA, 11 December, <https://www.idea.int/news-media/news/room-improvement-myanmar%E2%80%99s-campaign-finance-framework>

all candidates, regardless of the type of *Hluttaw* they are competing for, cannot spend more than 10 million kyats (approximately USD 7,590) for their campaign activities. Yet the difference sizes of each type of *Hluttaw* should have necessitated different spending limits. Thirdly, that there should be a clear line between party and candidate campaign activities. While individual candidates have a spending limit of 10 million kyats, parties are allowed to spend whichever amount, and this creates unfairness towards independent candidates and candidates from poorer parties. Fourthly, there are few monitoring mechanisms and that oversight mechanisms on illegal income and spending limits remain weak.

In terms of the lack of transparency and the lack of necessary regulations governing political financing, similarities are found in the above four Southeast Asian countries. The article delves deeper into these similarities to draw a conclusion on how uncertainties in political financing regulations have posed a limit to free and fair election.

## 1. POLITICAL FINANCING IN MALAYSIA

Dettman and Gomez mentions that the most important features of Malaysia's political finance regime included that unlimited anonymous donations to parties are allowed, that political parties can own businesses, and that the ruling parties benefit from the network of GLCs that forms a substantial portion of Malaysia's economy.<sup>11</sup> In addition, the country also showcased instances of vote-buying, the commodification of party posts, frequent overspending by candidates and a weak oversight system.<sup>12</sup> Vote-buying is however more evidenced in East Malaysia, where parties are financed by businessmen and strongmen, and are institutionally weaker than in the Peninsular Malaysia.

Moreover, that while political parties are obliged to submit audited financial reports to Registrar of Societies each year, party finances are hidden and that the public does not have access to these reports.<sup>13</sup> Gomez and Tong similarly wrote that while parties, especially those within the BN coalitions, were able to generate considerable funds during elections, the only ones responsible for submitting an account of income and expenditures were the candidates, not the parties.<sup>14</sup> Even then, as the candidates seldom declare what their parties have spent on their campaign, it is more often that the amount of funds that were reported by the candidate is not a valid depiction of the actual amount of money that has been spent.

The principal laws regulating elections in Malaysia are found in Part VIII (arts 113-20) of the 1957 Federal Constitution. Article 113 regulates the role of an Election Commission (EC) which "conducts elections to the House of Representatives and Legislative Assemblies of the States and prepare and revise electoral rolls for such elections." The EC also "reviews the division of the Federation and the States into constituencies and recommend such changes therein as they may think necessary in order to comply with the provisions contained in the Thirteen Schedule." Article 114 regulates that the EC "shall be appointed by the Yang di- Pertuan Agong." It also stipulates how these members are appointed and removed, as well as regulates their remunerations. The administration of the EC is governed by the EC Act 1957.

Regulations regarding expenses during parliamentary and state elections are drawn in the 1954 Election Offences Act. The provisions of the Act, among other things, are meant to prevent electoral offences and corrupt and illegal practices at elections; to establish enforcement teams;

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11 Sebastian Dettman and Edmund Terence Gomez (2020) "Political financing reform: Politics, policies and patronage in Malaysia." *Journal of Contemporary Asia* 50.1: 36-55, quoted Gomez et. al (2017) "Minister of Finance Incorporated: Ownership and Control of Corporate Malaysia. Basingstoke: Palgrave-Macmillan.

12 Ufen and Mietzner (2015), *op. cit.*

13 Dettman and Gomez (2020), *op. cit.*, p.4

14 Edmund Terence Gomez and Joseph Tong (2018) "Financing Politics in Malaysia: Reforming the System." *Australian Journal of Asian Law* 18.2.

to provide for the appointment of election agents; to control election expenses; and to provide for election petitions to voters who feel aggrieved by the alleged breaches of election rules.<sup>15</sup>

The Act listed types of expenses up to a maximum of RM 200,000 (approx. USD 49,500) each, while the maximum amount allowed for a candidate contesting a state seat is RM 100,000 (approx. USD 24,800). Gomez and Tong wrote that, regarding these expenses, no variation is permitted with regard to the electoral district's geographical size of or other constituency characteristics such as whether it is urban or rural.<sup>16</sup>

In addition, the period within which the expenditure incurred must be reported is limited to between the date of publication of the Notice of Election and the day of election, which is the campaign period. This means, candidates do not have to report any income or expenditure outside of the campaign period. This also means that a candidate is free to raise money or incur a large amount of expenses before or after the election period, which implies that the law does not forbid successful candidates from remunerating their supporters upon victory.

To limit the rise of individual candidates' formal expenses during election, candidates are only allowed short campaign periods and with spending limits. There has also been no granting of public subsidies nor free media advertising for political parties. However, this allows for the linkage between political parties, especially the elites in the United Malays National Organization (UMNO) party, with big businesses that would offer donations during campaigns. UMNO, which ruled the country since independence in 1963 up to its defeat in the election in 2018, in a broad coalition with minority parties, has built a pervasive network of dependable funding sources through Government Linked Companies (GLCs) and other patronage.<sup>17</sup>

Dettman and Gomez (2020) underscore two periods of political financing regimes in their analysis,<sup>18</sup> the first one began in the aftermath of the electoral victory of UMNO in the 2008 federal and state election and the subsequent inauguration of Najib Razak as Prime Minister. Upon gaining power Najib introduced several schemes claimed as efforts to curb patronage and rent-seeking. However, as the proposed changes garnered little support from UMNO members and drew skepticism from opposition parties, Najib abandoned his reform commitments. As a result, campaign spending significantly increased in 2013.

The 2008 elections sparked a debate over political finance reform as the issue of rampant patronage was brought to the fore during the campaigns. In this election, the then-opposition parties managed to win in five state governments despite the uneven playing field which favored the ruling Barisan Nasional (BN). Due to the pressure from academia and civil society for political financing reforms, then-PM Najib Razak instigated what was dubbed to be an era of "transparency, democracy and the rule of law" (The Star, 4 April 2009) by introducing some plans for economic, social and education reforms in 2010, including the Government Transformation Programme (GTP), the New Economic Model (NEM), the Economic Transformation Programme (ETP), the Education Blueprint 2011-2015 and the Tenth Malaysia Plan, encapsulated under the slogan *1Malaysia*, which, according to Gomez et. al signified that Najib's "form of governance and mode of policy planning and implementation would transcend political, economic and social differences based on race and religion." Najib also pointed out that "political patronage would be minimized as he planned to actively privatize GLC."<sup>19</sup>

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15 Amerul Muner Mohammad (2020), "Consolidate election law into one book", New Straits Times 6 November. <https://www.nst.com.my/opinion/columnists/2020/11/638684/consolidate-election-law-one-book>

16 Gomez and Tong (2018), *op. cit.*

17 Wolfgang Sachsenröder (2018) *Power Broking in the Shade*. World Scientific Publishing Company Pte Limited.

18 Dettman and Gomez (2020), *op. cit.*

19 Edmund Terence Gomez, *et al.* (2018) *Minister of Finance Incorporated: Ownership and control of corporate Malaysia*. Springer.

Not long after however, as it became evident that domestic private firms were reluctant to invest in the economy, the government recoiled on the decision to cease the policy of affirmative action to push forward a “market friendly affirmative action”<sup>20</sup> that was outlined in the Tenth Malaysia Plan. Some Malay groups connected to the UMNO, especially Persatuan Pribumi Perkasa (Perkasa) had pressurized the government not to follow up with the ceasing of affirmative action. Gomez et. al remarked that “UMNO members had become accustomed to government patronage through affirmative action that entailed the government concessions to *Bumiputera* (referring to Malay or native, Author’s emphasis) businesses.”<sup>21</sup>

Meanwhile, civil society kept pushing for reforms. The Transparency International (TI)-Malaysia issued a memorandum on political financing in May 2011, which included among others, the recommendation for a public disclosure of all political parties’ sources of financing and expenditure, mandatory audit of political parties and candidate’s elections expenses by certified auditors before submission to the Election Commission, and the prohibition of parties from directly or indirectly owning or being involved in business.<sup>22</sup> Unsurprisingly these proposals garnered tepid responses in the parliament. Parliamentarians and politicians alike argued that full disclosure would equate to harassment to their donors by the winning coalitions for supporting the losing coalition in the election.

In the 2013 election, while the above backtracking of policies raised concerns about the effectiveness of the government’s reform agenda, both BN and opposition (*Pakatan*) coalitions could now solicit money from businesses.<sup>23</sup> Weiss remarked that both coalitions had generally similar programmatic policies to mitigate the impact of Malaysia’s rising cost of living.<sup>24</sup> The BN introduced a cash transfer policy called *Bantuan Rakyat 1Malaysia* (1Malaysia Citizens Support), which helped the BN win seats in the election. Similarly, the opposition presented several programs to subsidize necessities such as education, childcare, fuel and internet access. However, as is common in incumbent campaigning, in addition to spending considerable sums before and during the election, BN underscored its track record in development while *Pakatan* promised to conduct good governance, social justice and change.<sup>25</sup>

The second period of Malaysia’s political financing regimes took place after 2015, the 1MDB scandal was exposed and took center stage in Malaysia’s politics. Part of these funds, after they were found in Najib’s personal account, had allegedly been used to finance the 2013 general election campaign.<sup>26</sup> Najib formed a national consultative committee on political financing in 2015 yet its members’ task was only to deliberate on stipulations of a new law, without delving deeper in the 1MDB scandal. When the reform proposals were issued, civil society groups called attention to the lack of certain regulations, while the opposition were similarly reluctant to support the proposals due to the lack of attention given to the 1MDB scandal. Seventy NGOs, led by G25, a group of prominent Malays submitted a proposal on political finance reforms in 2015. This proposal<sup>27</sup> included recommendations for the government to make political funding more transparent and accountable through new laws including the Political Parties Act which

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20 Dettman and Gomez (2020). *op. cit.*, p.6.

21 Gomez et. al (2018), *op. cit.*, p.59

22 “Submission of Memorandum or Reform of Political Financing in Malaysia”, *Transparency International Malaysia*, 2011, <http://www.transparency.org.my/pages/what-we-do/reforming-political-financing/submission-of-memorandum-on-reform-of-political-financing-in-malaysia-to-the-prime-minister-of-malaysia>

23 Gomez and Tong (2018), *op. cit.*, p.8

24 Meredith L. Weiss (2016) “Payoffs, parties, or policies: “Money politics” and electoral authoritarian resilience.” *Critical Asian Studies* 48.1: 77-99.

25 *Ibid.*, p.83

26 Tom Wright and Bradley Hope (2015) “1MDB and the Money Network of Malaysian Politics.” *Wall Street Journal*, 28 December.

27 The Sun Daily, 1 December 2015, “G25 submits proposal on political funding reform to PM” <https://www.thesundaily.my/archive/1626702-LSARCH340238>

would ban secret and foreign funding, limit political contributions and expenditure, establish reporting requirements and public disclosure, introduce guidelines for a caretaker government and ban party ownership of business. The proposal also urged the protection of EC's autonomy and impartiality as well as making sure that the Commission have stronger monitoring and enforcement capabilities. In the area of direct public funding, it was recommended that political funding come from public coffers for all political parties, whether in the government or the opposition.

The corruption case which toppled former Prime Minister Najib Razak revealed the linkage between patronage relations and campaign financing. In a recent testimony related to the 1MDB corruption scandal, former 1Malaysia Development Bhd CEO Hazem Abdul Rahman mentioned that the investment fund was set up to raise money for the ex-prime minister and UMNO.<sup>28</sup>

## 2. POLITICAL FINANCING IN INDONESIA

Thomas Reuter listed three sources of legitimate party financing in Indonesia, namely members' contributions, state funding and private donations.<sup>29</sup> As mentioned above, members' fees are not a significant source of funding. A more significant source is party members who have a seat in the House of Representatives (DPR) or holds a ministerial position, who allocate 15-25 per cent of their wages for their parties. Meanwhile, state funding also represents a dismal amount. In 2005 the payment was a meagre IDR 21 million (USD 1428) per seat, or around IDR100 (USD 10 cents) per vote. In 2009, based on a vote-based calculation, parties received about IDR108 per vote. The 2011 party law allows for donations of IDR 1 billion (USD 68,000) per year from individuals and up to IDR 7.5 billion (USD 510,000) from corporations. In reality, donations do not conform to these rules and could be made to individual prominent party members. Moreover, although current law requires parties to disclose donations, income and expenditures, the requirement is only a single report endorsed by their own auditor, and not open to public scrutiny. Illegal contributions and spending thus cannot be traced by revealing discrepancies between income and expenses.<sup>30</sup> Unsurprisingly party leaders rejected the idea of increasing public funding for parties, as this would require them to conduct frequent audits and account for the funds they receive. Moreover, oligarchic party chairmen are wary of losing their privileged positions if parties were able to access more public funding.<sup>31</sup>

Marcus Mietzner mentions three main goals of campaign financing systems: to allow parties to eschew oligarchic intrusion and corrupt fund-raising practices; to create a level playing field between large and small parties and between government and opposition parties; and to inform voters about the sources of a party's income and how it is spent.<sup>32</sup> Despite these aims, the fragmented political financing regimes in Indonesia have resulted in the aggravation of existing patronage structures and corruption, in addition to triggering oligarch's role in politics. Jeffrey Winters wrote that oligarchy "describes the political processes and arrangements associated with a small number of wealthy individuals who are not only uniquely empowered by their material resources, but set apart in a manner that necessarily places them in conflict with large segments of the community (often including each other)"<sup>33</sup> and that "Indonesia after the fall of Suharto represents a complex but stable

28 The Edge Markets, 14 September 2020. "1MDB was set up to raise money for Najib and Umno, says former CEO" <https://www.theedgemarkets.com/article/1mdb-was-set-raise-money-najib-and-umno-funding-says-former-ceo>

29 Thomas Reuter (2015) TRaNS: Trans-Regional and-National Studies of Southeast Asia 00:0 1-22, © Institute of East Asian Studies, Sogang University DOI:10.1017/trn.2014.23.

30 *Ibid.*

31 Ufen and Mietzner (2015), *op. cit.*

32 Mietzner (2015), *op. cit.* p.601

33 Jeffrey A. Winters, "Oligarchy and democracy in Indonesia." *Indonesia* 96 (2013): 11-33, p.14

blend of oligarchy and democracy, with wealth-power pervading a political arrangement that tolerates and responds to popular participation.”<sup>34</sup>

This oligarchic capture of politics plays a role in party formation and political financing in Indonesia. Reuter<sup>35</sup> quoted Titi Anggraeni of the Associations for Elections and Democracy (Perludem) who mentioned that the fact that legal funding sources only covered 15 percent of the operating expenses for political parties had meant that a large percentage of funds must be generated from elsewhere. Pertaining to the source of their funds, Reuter offers a useful classification of political parties. The first category comprises those parties that he dubs “privately owned”, and whose *raison d'être* was to serve as a political vehicle for individuals, mostly oligarchs, aspiring to gain power in the parliament or the executive branch. Examples of these are Gerindra, which was founded by Prabowo Subiyanto, the National Democrat Party (Nasdem) which was founded by media tycoon Surya Paloh and the Hanura party which was founded by former general Wiranto and media tycoon Hary Tanoë Soedibjo.<sup>36</sup> Another party which is similarly one-person-focused, yet not founded by an oligarch, is the Democrat Party (PD). Established by former general Susilo Bambang Yudhoyono (SBY) to be his political vehicle to run for presidency in 1999 and was successful. PD and Indonesian Party for Struggles (PDIP) are also the two parties which show dynastic qualities, as they have leadership succession which prioritizes the family members of the founders.

The second category includes the parties with long history in Indonesia's politics. Some of these have recently allowed oligarchs to become their leaders. Among these parties was Golkar, the party which had helped sustain Suharto's authoritarian regimes for more than three decades, yet which has undergone some transformations necessitated by the post-reform politics. Jusuf Kalla became the first oligarchs that raised to the leadership position of Golkar in 2004. Aburizal Bakrie was another billionaire businessman which became Golkar's leader in 2009. Reuter wrote however, that having oligarchs as leaders of political parties could at times bring down the party's popularity, as was the case when Bakrie's companies' poor handling of the 2006 Lapindo environmental crisis caused him a low electability, which also hindered his chances in the presidential race in 2014.<sup>37</sup> It was also the case that some of the Indonesian voters were not used to the increasing role of billionaires in politics and preferred leaders who were “of the common people”, something that Joko Widodo (Jokowi) portrayed very well in 2014, and which partly motivated PDIP to nominate him as their presidential candidate.

The third category comprises of the parties which, in addition their long history, also possesses a strong mass base as well as dynastic features. This is portrayed by PDIP, whose leader Megawati Sukarnoputri, Indonesia's fifth president, was the daughter of the country's first president Sukarno. PDIP is also generally seen as the successor of Sukarno's Indonesian Nationalist Party (PNI). Megawati's daughter Puan Maharani is the current speaker of the country's People's Representative Council (DPR), or the lower house. Some observers recently considered her as a potential vice-presidential candidate for the 2024 election, to be paired with Prabowo Subiyanto, who will likely run for presidency again. Recent surveys, however, did not yet show high electability for Puan, who scored only 0.9% in a poll done by Indikator Politik, 1.1% by Indonesia's Foundation of Surveys and Polls (SPIN) and 1.7% by Populi Research Center, placing her either on the 11<sup>th</sup> or 12<sup>th</sup> in the list of possible vice-presidential hopefuls.<sup>38</sup> Vice-presidential chances aside, PDIP's, as well as PD's, dynastic politics will less likely be diminished as it is widely replicated in the national and local politics. In the 2020 local elections, Jokowi's

34 *Ibid.*, p. 16.

35 Reuter (2015), *op. cit.*, p.10

36 *Ibid.*, p.11

37 *Ibid.* p.12

38 Sindonews, 29 October 2020, “Peluang Puan Maharani di Pilpres 2024: Antara Survei dan Kekuatan Politik” (Chances for Puan Maharani in the 2024 Presidential Election: Between surveys and political clout”) <https://nasional.sindonews.com/read/212690/12/peluang-puan-maharani-di-pilpres-2024-antara-survei-dan-kekuatan-politik-1603937438?showpage=all>

son and son-in-law have won mayoral elections in Solo and Medan respectively, generating assumptions that the President aspires for high political offices for his children in 2024.

Reuter also mentions secondary sponsors for party and campaign financing, who aspire for specific favors than continuing political support for their business ventures, some chose to remain invisible, while others openly supported the candidates or parties of their choosing.<sup>39</sup> Indonesian Solidarity Party (PSI), a new party which catered for generally middle-class millennials in urban settings, admitted that they received financial backing from businesses leaders, whom, its Chinese-Indonesian, former TV anchor, leader Grace Natalie had dubbed as, “running *white businesses, not grey*” and that these businesses “*have political conscience, so there is no take and give [with us]. They just want a stable business environment, so that their businesses could run well,*”<sup>40</sup> insinuating, rather naively, that businesses may support political parties without asking for anything in return.

As mentioned above, in addition to turning to oligarchic leadership and business-backings, the scarcity of political financing public sources in Indonesia also led to the collection of funds from party representatives in public office. This has become party’s main source of funding and is justified by dubbing it “membership fees”. Mietzner wrote that the amount could go as high as 40% of a legislator salary.<sup>41</sup> As a result, to offset these party-related expenditures, legislators – who are not allowed to receive individual donations – turn to running businesses. Based on recent research by Marepus Corner, 55% of the current parliamentarians are entrepreneurs, 23% of which are PDIP’s legislators, generating concerns among civil societies that the parliament is business-biased.<sup>42</sup> This assumption seems to not be far from the truth: recent legislations show business interests were indeed prioritized, for example, in the issuance of the controversial Job Creation Laws (Omnibus Law) which according to many labor organizations significantly decreased labor rights.<sup>43</sup>

The fact that the parliament is rigged of corruption may partly also owes to the necessity to generate funds to offset party-related expenses in addition to the fact that some parliamentarians do seem to make use of their position to generate money for themselves either through budget scalping (receiving fee for approving specific budget items), bribery or other misappropriation of funds. Corruption Eradication Commission (KPK)’s biggest case relating to the E-ID card project (E-KTP), which incurred IDR 2.3 billion (USD 163,300) state losses, allegedly involved many of the former members of the parliament, including the parliament speaker Setya Novanto, a Golkar politician who was sentenced to 15 years imprisonment. The KPK’s powers however, having vigorously fought against corruption since 2012 and earned a remarkable 100% conviction rate, had recently been significantly clipped with the new controversial legislation which places the once-independent Commission under the executive branch.<sup>44</sup>

Another way for parties to generate funds is to “sell” its endorsement to individuals aspiring to run for local governments’ leadership position. A field research done in 2005 in North Sumatra province showed that even as early as the first-ever direct election for district heads, political parties put price tags on their nomination. A mass-based political party on the national level

39 Reuter (2015), *op. cit.*

40 Detik, 18 June 2015. “Grace Natalie Buka-bukaan Soal Sumber Dana Awal PSI” (“Grace Natalie reveals PSI’s preliminary funding sources”) <https://news.detik.com/berita/d-2945956/grace-natalie-buka-bukaan-soal-sumber-dana-awal-psi>

41 Mietzner (2015), *op. cit.*, p. 602

42 Liputan 6, 9 October 2020 “Penelitian: 55 Persen Anggota DPR Pengusaha, Potensi Konflik Kepentingan Besar” (Research: 55 percent of parliament members are entrepreneurs. Large potential for conflict [of interests]”) <https://www.liputan6.com/bisnis/read/4378020/penelitian-55-persen-anggota-dpr-pengusaha-potensi-konflik-kepentingan-besar>

43 Usmand Hamid and Ary Hermawan (2020) “Indonesia’s omnibus law is a bust for human rights”, New Mandala, 9 October. <https://www.newmandala.org/indonesias-omnibus-law-is-a-bust-for-human-rights/>

44 Aninda Dewayanti and Deasy Simandjuntak (2019) “So much for eradicating corruption in Indonesia”, Channel News Asia Commentary, 27 September. <https://www.channelnewsasia.com/news/commentary/indonesia-protest-joko-widodo-law-corruption-code-graft-11948856>

had asked IDR 100 million (USD 7,100) for individuals seeking endorsement in a district-head election.<sup>45</sup> In the recent years, this nomination “fee” dubbed *mahar politik* could go up to billions rupiahs and were generally considered as part of the “normal” practice in local politics.<sup>46</sup> Local elections have indeed opened new possible avenues for illicit political fund-raising endeavors. State funds are also often “misappropriated” for political purposes. Legislators, for example, may take advantage of the *grant funding (meant for social assistance programs) they received from the state and direct it to fill the coffers of party-linked organizations or distribute it directly among potential voters.*

### 3. POLITICAL FINANCING IN THAILAND

Sirivunnabood wrote that in order to increase transparency and accountability of parties, strengthen party system and prevent the return of money politics,<sup>47</sup> Thailand introduced the Party Act (1998), among whose provisions was the Political Party Development Fund (PPDF), which was the first subsidy that the State ever granted political parties. Responsible for the distribution of such subsidy was the Election Commission of Thailand (ECT). The ECT was also established to monitor election and party activities and finances. This was a transfer of jurisdiction from the Ministry of Interior, who used to oversee these functions prior to 1998. ECT also has the power to submit cases to the Constitutional Court and call for the dissolution of parties allegedly involved in illegalities.<sup>48</sup>

The PPDF itself was aimed at increasing transparency and accountability, limiting money-politics, as well as strengthening smaller political parties, creating a more level playing field for them to compete against larger parties, by giving them access to state funding.<sup>49</sup> State subsidies comprises of two types: direct and indirect monetary subsidies, as well as non-monetary subsidies. Direct monetary subsidy, the largest source of party funding, was distributed annually based on the number of a party’s parliament members, the number of votes the party garnered, and the number of party members and branches. The lack of clarity pertaining to method of calculations, however, resulted in small parties vying to maximize their subsidy by creating branches and recruiting members. The numbers were not always veritable, as many members were found to be members of more than one party, whereas listed “branches” were nonexistent.

Indirect subsidies included subsidies for public utilities, such as electric bills, and postal fees, and that party revenues are exempt from taxation (Organic Act on Political Parties 2007, Art.48 and 81).<sup>50</sup> Meanwhile, non-monetary subsidies included free television and airtime for the parties that had parliament members. Despite the considerable amount, however, monetary subsidies did not deteriorate the influence of businesses in the party politics nor have they improved party internal structure. On the other hand, it exacerbated the existing problem of corruption, as smaller parties adopted a rent-seeking behavior while larger parties relied mostly on large private donations, creating a patronage linkage between politics and businesses.

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45 Personal conversation with a candidate, October 2005.

46 Deasy Simandjuntak (2015) “Persistent Patronage: Explaining the Popularity of Former Corruption Convicts as Candidates in Indonesia’s Regional Elections”, ISEAS Perspective No. 55.

[https://www.iseas.edu.sg/wp-content/uploads/pdfs/ISEAS\\_Perspective\\_2015\\_55.pdf](https://www.iseas.edu.sg/wp-content/uploads/pdfs/ISEAS_Perspective_2015_55.pdf)

47 Punchada Sirivunnabood (2019) “How the Thai State Subsidizes Political Parties”, ISEAS Perspective No 50.

48 Napisa Waitoolkiat and Paul Chambers (2015) Political Party Finance in Thailand Today: Evolution, Reform, and Control, *Critical Asian Studies*, 47:4, 611-640, DOI: 10.1080/14672715.2015.1091211

49 Punchada Sirivunnabood (2018) “Understanding Political Party Finance in Thailand: New Regulations but Old Practice.” *Asia-Pacific Social Science Review* 17.3: 1-14.

50 As quoted by Waitoolkiat and Chambers (2015), *op. cit.*

The 2007 Party Act still endorsed the PPDF, yet with a clearer regulation on its allocations. PPDF 2008 guidelines stipulated that only active parties – referring to those which conduct political activities regularly and has structure in accordance to the 2007 rules - were eligible to receive subsidies. Art. 23 of the Act also underscores that only parties which have won at least 0.5% of votes nationally from the party-list system and 0.5% of constituency votes would be eligible for PPDF allocation. The new formula weighed financial allocations as follows: 40 per cent reflecting the number of a party’s MPs; 40 per cent reflecting the number of party list MPs; 10 per cent reflect the number of party members altogether; and 10 per cent reflecting the number of party branches.<sup>51</sup> Moreover, the 2008 guideline also delineated what were accepted as party branches (which was that they have to have a minimum of 200 members), and the conditions for members qualified for the calculation of the PPDF (which was that they would have to be members paying party membership fees annually). In addition, it also regulates the preconditions for the state to terminate subsidies if a party lost in multiple elections. Art. 32 stipulated that if a party had not won parliamentary seats or nominated candidates for two consecutive elections, the state would only grant half of the PPDF funding it previously received; if a party had not won seats for three consecutive elections, the state would only grant a quarter of the party’s previous PPDF funding; lastly, if a party had not won and/or nominated candidates to four consecutive elections, the state funding would be stopped.

In 2017, Thailand issued a new Political Party Acts which revised the allocation method for PPDF.<sup>52</sup> Political parties may receive PPDF subsidies based on, firstly the total amount of annual membership fees (40% of the total subsidy), the number of votes won in elections (40% of the subsidy), the number of party branches (20% of the subsidy) – the latter only applies during election years. Aside from the election years, the ECT allocates subsidies in accordance to the donations that parties receive annually - not on the basis of votes the parties garnered -, in addition to the number of party branches and the total membership fees paid. Subsidies that are now allocated on the basis of total membership fees received annually, rather than on the basis of total number of members, was designed to make sure that party members are willing to support their party financially. In practice, however, the minimum annual membership of 100 baht and minimum lifetime membership of 2,000 baht were still too high for most Thais, resulting in parliament members paying for party members.<sup>53</sup> ECT also still allocates subsidies based on the number of parties’ branches even when it is difficult for ECT to determine whether the branches and their members were real.

The new regulations also allow parties to accept donations from Thai donors -made directly to parties, and up to a maximum of 10 million baht annually. According to the ECT, from January to May 2019, major parties received the following: Phalang Prachrat 13 million baht, Phuea Thai 55 million baht, Future Forward Party 10 million baht, and the Democrat Party 155 million baht.<sup>54</sup> In February 2020, however, Thailand Constitutional Court dissolved the Future Forward Party determining that by accepting 191 million baht (approx. USD 6,036, 664) loan from Thanathorn Juangroongruangkit, the party has violated sections 66 and 72 of the Organic Law on Political Parties, which bans donations of more than 10 million baht (approx. USD 316,000), in addition to prohibiting 16 party executives from competing in elections for ten years.<sup>55</sup> The dissolutions of FFP triggered flash mobs on

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51 Chambers, Paul, and Napisa Waitoolkiat (2020) “Faction Politics in an Interrupted Democracy: the Case of Thailand.” *Journal of Current Southeast Asian Affairs* 39.1: 144-166.

52 Sirivunnabood (2019), *op. cit.*

53 Sirivunnabood (2019), *op. cit.*

54 Sirivunnabood (2019) *op. cit.*, pp. 5-6.

55 Amnesty International (2020), “Thailand: Authorities must reverse dissolution of opposition Future Forward Party”,

21 February. <https://www.amnesty.org/en/latest/news/2020/02/thailand-authorities-must-reverse-dissolution-of-opposition-future-forward-party/>

many campuses, yet the students' demands were aimed at overhauling the political system, by, among other things, calling for the resignation of PM Prayut Chan-Ocha, the formation of a drafting committee to draft a new democratic constitution, the election of senators and an end to legal impunity for coup makers.<sup>56</sup>

#### 4. POLITICAL FINANCING IN MYANMAR

While the ongoing coup in Myanmar is beyond the scope of this paper and that campaign financing was not part of the electoral aspects being highlighted in the upheaval, the crisis underscores major problems in the 2020 elections.<sup>57</sup>

Pertaining to political financing, prior to the election, observers had pointed at the issue of the lack of enforcement of campaign finance rules as a major concern which could lead to "undetected or unsanctioned excess of the maximum authorized campaign expenditure", which could "affect the results significantly enough to swing the outcome".<sup>58</sup>

The November 2020 election delivered a landslide victory for Aung San Suu Kyi's National League for Democracy (NLD), with 920 of the 1,106 party candidates elected to national and local parliament bodies. Especially in the *Pyidaungsu Hluttaw*, the national parliament, the party won 396 seats. According to *Frontier*,<sup>59</sup> the NLD's campaign funding relied on a mixture of sources, e.g. a proportion of lawmaker and minister salaries, small donations from members and larger donations from corporate and private donors, yet did not generate income from businesses nor rely on a single benefactor. *Frontier* noted that the main source of funds for the NLD (around 200 million kyats per month) is the deduction of the salaries of party members who are lawmakers or cabinet members. This deduction varies, from 20 percent of those in the state and regional parliament bodies to 25 percent from the salary of lawmakers in the *Pyidaungsu Hluttaw* and that of all ministers. A more non-transparent source is donations from companies and individual, some had provided significantly for its 2015 election campaign. *Frontier* wrote that according to an NLD spokesperson there was no limit to these donations, only that they "be unconditional, in the national currency and from Myanmar citizens.... Companies also have to be able to prove they've paid tax on the money they plan to donate."<sup>60</sup>

The issue of campaign financing has in turn raised questions due to several aspects of election laws,<sup>61</sup> for example firstly, that the laws do not allow the use of state resources, foreign donations to Myanmar parties or candidates, whether from individuals, businesses of organizations, or contributions from religious organizations. International IDEA Myanmar wrote that eligible campaign funds were those derive from candidates' own funds and property, donations from individual citizens, donations from political parties, donations from

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56 Termsak Chalermpananupap (2020) "Weak Party System Dooms Thai Political Party Reforms", *ISEAS Perspective* No. 27, 8 April. [https://www.iseas.edu.sg/wp-content/uploads/2020/02/ISEAS\\_Perspective\\_2020\\_27.pdf](https://www.iseas.edu.sg/wp-content/uploads/2020/02/ISEAS_Perspective_2020_27.pdf)

57 The military claimed to have found widespread inconsistencies with regard to voters lists and many cases of ineligible voters, relating to this, they also claimed to have found 8 million cases of potential voting fraud. See Jack Goodman, "Myanmar coup: Does the army have evidence of voter fraud?" *BBC*, 5 February 2020. <https://www.bbc.com/news/55918746>

58 As cautioned by Greg Kehailia, then outgoing Myanmar Director of the Carter Center. See Thompson Chau, "Myanmar election at risk of digital threats and weak financial rules, expert warns", *Myanmar Times*, 24 September 2019 <https://www.mmtimes.com/news/myanmar-elections-risk-digital-threats-and-weak-finance-rules-expert-warns.html>

59 Swe Lei Mon and Htin Lynn Aung, "Holding the NLD to account: The money behind a winning election campaign", *Frontier*, 24 December 2020, <https://www.frontiermyanmar.net/en/holding-the-nld-to-account-the-money-behind-a-winning-election-campaign/>

60 *Ibid.*

61 Aung Tun (2015) "Time to Reform Campaign Financing" *Myanmar Times*, 7 October, <https://www.mmtimes.com/opinion/16871-time-to-reform-campaign-financing.html>

Myanmar companies or group of companies.<sup>62</sup> In practice, however, enforcing these regulations are difficult because, for example, some candidates may hold campaign events at religious compounds with the assistance of religious groups. Banning the use of public resources is also problematic, as government officials who run in elections may utilize state resources in their campaigns.

Secondly, there is a limit on campaign spending of K10 million (USD 7765) during the two-month campaign period. These spending limits exist despite big differences in the size of constituency that makes up three different parliament bodies, namely Pyithu Hluttaw (Lower House), Amyotha Hluttaw (Upper House) and State/Region Hluttaw (regional parliament). The spending limits seems unfair for the Upper House candidates, who typically have to cover a larger geographical area than those of the other parliament bodies.

Thirdly, there is the issue of financial disclosure whose monitoring is impossible, Myanmar being largely a cash-based economy. There is also the question of oversight and sanctions. The election laws state that both a voter and a candidate can issue a complaint over a candidate's spending, which implies that the burden of oversight is on rival candidates rather than an independent body or institutions. This also means that losing candidates may be prone to file a complaint in the hope of changing the electoral results.

A fifth important aspect of Myanmar's political financing is the close relations between politicians and the country's large companies which raised the question of whether or not the latter financed the former's campaigns despite it being forbidden by the laws. An investigation done by Myanmar Times in August 2020 revealed that among the 22 large companies under survey, more than half did not publicly disclose if they had made political donations with regard to the November 2020 election. Eight companies said they did not have political donations as policy, but fourteen did not answer at all. None, except the Shwe Taung company, responded to the question about disclosure of donations made by beneficial owners of the company in their personal capacity.<sup>63</sup> The unresponsiveness of these companies, however, is not uncharacteristic. Electoral regulations in Myanmar places limited oversight on corporate donations to politicians. Moreover, Myanmar laws also allows anonymous donations to parties. Local companies and their beneficial owners may contribute to candidate or their affiliated political parties. Spending limits are placed upon individual candidates, but not their parties, the latter do not have to report campaign financing for any activity, including those that are election related.

## **5. CHALLENGES TO ELECTORAL SYSTEMS AND THE QUALITY OF DEMOCRACY IN SOUTHEAST ASIA**

The political financing regimes and practices in the four Southeast Asian countries, which in the past two years have conducted elections, show several problem areas among which is the absence of regulations, the linkage between business and politics, unlevel playing field for large and small parties, corruption, and weak monitoring mechanisms. Concerning the absence of regulations, Malaysia depicts an interesting case as it does not forbid foreign donations for political parties. The 1MDB scandal which implicated former PM Najib Razak as well as many individuals and entities highlighted the role of foreign donations in Malaysia's politics. In July 2020, the former PM was found guilty of all seven charges in his first trial

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62 International IDEA Myanmar, "2020 General Election in Myanmar – Fact Sheet" [https://www.idea.int/sites/default/files/news/news-pdfs/2020-General-Election-in-Myanmar-Fact-Sheet\\_14-July-2020.pdf](https://www.idea.int/sites/default/files/news/news-pdfs/2020-General-Election-in-Myanmar-Fact-Sheet_14-July-2020.pdf)

63 Johnson Chau and John Liu (2020) "Companies in Myanmar quite about political donations," Myanmar Times, 23 August, <https://www.mmtimes.com/news/companies-myanmar-quiet-about-political-donations.html>

linked to the multibillion-dollar scandal – which means he now faces 12 years in jail.<sup>64</sup> This verdict came just days after the announcement of a USD 3.9 billion settlement with Goldman Sachs in return for Malaysia dropping criminal charges against the investment bank over its role in helping 1MDB sell USD 6.5 billion in bond.<sup>65</sup>

The linkage between businesses and politics seems to be rampant in all countries. In Indonesia, this is depicted by the role of oligarchs in political parties, as founders of new, one-person-centered party, or as individuals who use existing parties to further political interests and ambitions. Gerindra, Hanura and Nasdem parties are examples of the former category and Golkar (who welcomed the leadership of billionaire businessmen Jusuf Kalla and Aburizal Bakrie) is an example of the latter. In Thailand, billionaire Thaksin Shinawatra founded the Thai Rak Thai (TRT) party in 1998, became prime minister in 2001 and was re-elected in 2005. After TRT was dissolved in 2007, in its place emerged The People's Power Party (Phak Palang Prachachon – PPP). When the PPP was dissolved in 2008 due to several charges of electoral frauds in the 2007 elections, it was replaced by Pheu Thai which was founded in 2008, and which successfully ushered in Thaksin's sister Yingluck Shinawatra to be Thailand's first female prime minister in the aftermath of the 2011 election. Although it lost the 2019 election, Pheu Thai's popularity depicts the deep-seated political clout that Thaksin still has despite massive setbacks against the government. Similarly, in Myanmar, several large businesses seemed to have donated for political parties yet did not disclose their financial support.

The problem of unlevel playing field seems to be indicative of Thailand, although before the 2018 election Malaysia also depicted the discrepancy between the financial and structural traits of the then-ruling BN coalitions and the oppositions. Thailand tried to mitigate this problem by providing state subsidies to all parties. However, for large political parties the subsidies seemed to be too dismal that they still relied on donations from large businesses while on the other hand small parties scrambled to create party branches and recruit members in order to maximize their subsidies. It thus remains to be seen whether the 2017 Political Party Act's revision of PPDF subsidy would level the playing field between large and small parties in Thailand. The lack of funding may also stimulate corruption, as politicians try to offset the percentage of their salaries spent on party-related expenditures, like what takes place in Indonesia, where budget scalping is part of everyday corruption. In Malaysia, the 1MDB scandal exemplifies how misappropriation of funding is not a rare occurrence in Southeast Asian politics, especially when large businesses are involved. Vote-buying is also rampant. In Indonesia, politicians may distribute state funding to attract votes under the disguise of social aid programs.

Weak monitoring mechanism also constitutes a serious problem, yet popular pressure, combined with accountability tools, has proven effective in combating political corruption.<sup>66</sup> The results of the 2018 Malaysia election showed how the financial scandal involving former PM Najib had generated public distrust on the government. Civil society reactions, such as that illustrated by the *Bersih* movement had helped drawing attention to the political and electoral corruption. Riding on public grievance on corruption, the opposition Pakatan Harapan won the election despite the unlevel financial playing field as well as BN's tactic of gerrymandering and identity-politics. In Indonesia, weak monitoring is depicted by the regulations that only individual candidates should disclose income and expenditures while political parties are exempt from this obligation.

The above problems limit the quality of democracy in the region. Diamond and Morlino wrote

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64 Guardian, 28 July 2020, "1MDB scandal: Najib Razak handed 12-year jail sentence." <https://www.theguardian.com/world/2020/jul/28/1mdb-scandal-najib-razak-verdict-malaysia>

65 Reuters, 26 July 2020 "Malaysia faces crucial graft test as Najib's first 1MDB verdict looms" <https://www.reuters.com/article/us-malaysia-politics-najib-idUSKCN24R05F>

66 Mobrand, Bértoa and Hamada (2019) op. cit.

that “While there is no absolutely objective way of laying out a single framework for gauging democratic quality, there are eight dimensions on which democracies vary in quality: freedom, the rule of law, vertical accountability, responsiveness, equality, participation, competition, and horizontal accountability.”<sup>67</sup> While there are freedom and participation, the democracy in the four countries discussed above shows challenges in the rule of law, vertical and horizontal accountability, while the unlevel playing field which distorts the competition despite the generally free and fair elections. In order to increase the quality of democracy pertaining to political financing, it is useful to increase public financing of politics and limiting businesses influence in politics, strengthen the rule of law, as well as ensure that party (not only individual candidates) and campaign financial accounts are managed correctly and disclosed to the public.

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<sup>67</sup> Larry Diamond and Leonardo Morlino (2004) “The quality of democracy: An overview.” *Journal of democracy* 15.4: 20-31.

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