

Political Parties and the Power of Money in Indonesia and Beyond

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Abstract

Political parties in Indonesia and in other parts of Southeast Asia have become vitally dependent on the financial support of individuals or conglomerates with large private fortunes. A remarkable new development is that some of the billionaires who have long sponsored political parties have decided to out themselves as political leaders, and thus to adopt the style of oligarchs. I define an oligarchy as a society featuring systematic conflation of political and economic power within the same individuals or within small, elite groups of such individuals in a manner that is visible, tolerated and hence legitimated. The gradual shift from clandestine money politics to open oligarchy is a significant challenge for contemporary liberal democracies. Conflicts of interest between the demands of public office and their private interests would seem difficult to avoid for politicians who also run large business empires and own great estates. On the other hand, for billionaire sponsors of political parties to come forward and stand for public office personally also means that their hitherto clandestine influence is becoming more transparent, and their conduct and decisions more subject to public scrutiny and accountability. This article describes how both direct and indirect ways of conducting money politics operate and coexist within different types of political parties in Indonesia today, and what the significance of these differences is and what is changing; with special reference to the 2014 parliamentary elections in Indonesia.

KEYWORDS: Oligarchs, political parties, money politics, democracy, Indonesia

INTRODUCTION

THIS ARTICLE EXPLORES THE state of political parties in Indonesia today, against the backdrop of the 2014 parliamentary elections. It is argued that political parties in Indonesia, as in other parts of Southeast Asia, have become severely dependent on financial support from individuals or conglomerates with large private fortunes. A remarkable new development in the world of money politics is that some of the billionaires who have been acting as financial sponsors of

44 political parties for some time no longer seem content to operate invisibly. Many,
 45 in Indonesia and elsewhere in the region, have decided to out themselves as po-
 46 litical leaders, and thus to adopt the style of oligarchs. The term ‘oligarchy’ is used
 47 in diverse ways in the literature (Winters 2011; Gunn 2014). For the purpose of
 48 this article, however, I define an oligarchy as a society featuring systematic
 49 conflation of political and economic power within the same individuals or
 50 small, elite groups of such individuals in a manner that is not clandestine but
 51 visible, accepted or at least tolerated, and hence held to be more or less legiti-
 52 mate. Oligarchs can and do influence not only politics as such but also the judi-
 53 ciary, military and civil society. The legitimacy of oligarchs is a controversial issue
 54 in all oligarchies that operate through a formally democratic system of govern-
 55 ment: not controversial enough to circumvent the exercise of oligarchic power
 56 but controversial enough still to keep some of its operations hidden.

57 This partial shift from clandestine money politics to open oligarchy has very
 58 significant consequences for the viability of liberal democracies and is impacting
 59 dramatically on the fate of ordinary citizens in many countries. Indeed, escalating
 60 conflation of political and economic power could be described as the core chal-
 61 lenge for all contemporary democracies. While some may be more resilient to
 62 monetization than others, this is a matter of degree and not principle. How oli-
 63 garchy operates in non-democratic political frameworks shall not concern me in
 64 this article.¹

65 Conflicts of interest between the demands of public office and their private
 66 interests would seem difficult to avoid for politicians who also run large business
 67 empires or own great estates. Conflicts and biases arising from the unique posi-
 68 tioning of these individuals thus can undermine the actual or at least the per-
 69 ceived integrity of democratic government – a form of government wherein
 70 holders of public office are assumed to leave their private interests behind
 71 when they take their oath. This is a tall order for business tycoons whose invest-
 72 ments tend to be so widely diversified that almost all political decisions impinge
 73 on their private interest in one way or another, directly or indirectly. On the other
 74 hand, the new trend for billionaire sponsors of political parties to come forward
 75 and stand for public office personally also means that the extent of their hitherto
 76 clandestine influence is becoming more transparent, and their conduct and deci-
 77 sions more subject to public scrutiny and accountability. Such is the ambiguity of
 78 the contemporary trend toward oligarchy.

79 The following article provides an account of how direct and indirect models
 80 for conducting money politics operate and coexist within different types of polit-
 81 ical parties in Indonesia today, and what the significance of these differences
 82 is. This case study draws on five years of ethnographic research among the
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84 ¹There is a large body of literature in particular about oligarchs in post-Soviet Russia and former
 85 Soviet Republics (e.g. Hoffman 2001; Gurief & Rachinsky 2005). A comparison of this literature
 86 with studies of more democratic systems would be complex but valuable.

87 Indonesian political elite and, more specifically, on my study of political processes
 88 surrounding the 2014 parliamentary elections. Prior knowledge of Indonesian
 89 politics is not assumed, so as to ensure the case study is accessible for comparative
 90 purposes to fellow students of politics and society across Southeast Asia and
 91 beyond. Before I begin to describe the Indonesian case, however, I first would
 92 like to contextualise it in wider regional and global contexts.

94 **INEQUALITY AND MONEY POLITICS IN SOUTHEAST ASIA:** 95 **REGIONAL VS. GLOBAL ISSUES**

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 98 In the only comprehensive and recent comparative study of money politics in po-
 99 litical parties across eight ASEAN member states the editor, W. Sachsenroeder
 100 (2014: 4), warns that: “The risk of individuals and groups using political parties
 101 and state funds for personal gains is pervasive, and can compromise the economic
 102 strides that have been achieved in the ASEAN member states in recent decades.”
 103 Money politics, he argues, also could undermine the ASEAN Charter of 2008,
 104 which sets out normative standards of democracy, rule of law and good govern-
 105 nance to shape a positive future for the region. The present case study serves
 106 to reiterate this warning with respect to Indonesia. However, unlike Sachsen-
 107 roeder, who stresses the low ranking of Southeast Asian nations in the Economist
 108 Intelligence Unit’s Democracy Index 2011, I argue that the problem of money
 109 politics is systemic at a global level and cannot be fully understood as a national
 110 or even as a regional issue. Indeed, the results of the same index show that
 111 “democracy has been under intense pressure in many parts of the world. In
 112 most regions the average democracy score for 2011 is lower than in 2010, includ-
 113 ing the developed countries of North America and Western Europe [as well as
 114 Asia].”² Money politics in political parties was found to be a major contributing
 115 factor across the board.

116 This is not to say that ASEAN nations lack distinctive national and regional
 117 characteristics, reflected also in party politics. Regional characteristics include
 118 a relative lack of a clear, European-style ideological distinction between parties
 119 along a left-right wing axis, the greater role of ethnically or religiously defined
 120 centre-periphery dynamics within nation states, strong cultural support for the
 121 positive normative aspect of patron-client relations, and the greater role of
 122 dynastic succession in political elite families with charismatic founders. None
 123 of these features are necessary or sufficient either to produce money politics
 124 and the rise of oligarchs, or to prevent it. Culturally and historically conditioned
 125 features of societies do have an impact, however, on the specific way in which
 126 money politics manifests, and on how it needs to be analysed, within the

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 128 ²The Democracy index 2011: Democracy under stress.’ Economist Intelligence Unit. Available at:
 129 http://www.eiu.com/public/topical_report.aspx?campaignid=DemocracyIndex2011 (accessed on 1
 October 2014).

130 region. In focusing on regional characteristics where appropriate, this case study
 131 thus has methodological relevance for other Southeast Asian political studies,
 132 while also stressing the overarching influence of global conditions.

133 My research also does not confirm another widely held assumption, that the
 134 democracies of Southeast Asia are weak because they are relatively new and
 135 lacking in institutionalisation, compared to older European democracies. For
 136 example, citing data from Africa, Basedau and Stroh (2008:6), recently proposed
 137 that “more institutionalized parties perform more favourably as regards their
 138 functional duties than less institutionalized parties do”. Significant differences
 139 in degree of institutionalisation do exist in Indonesia, between the post-1998
 140 parties and the long established Golkar Party, for example. This does not seem
 141 to impact on the prevalence of money politics (see below), and it matters,
 142 insofar as one cannot reasonably expect a party to meet its functional duties in
 143 the public interests if it is controlled or owned by private capital.

144 In broader, theoretical terms, the important role of political parties in pro-
 145 moting or undermining democracy has been well documented and long dis-
 146 cussed by political scientist including Duverger (1956), Lipset and Rokkan
 147 (1967), Lijphart (1968), Sartori (1976), Panebianco (1988), Huntington (1991)
 148 and many others, and need not concern us further. Money politics is also
 149 clearly recognised as a key variable by most commentators. There is considerable
 150 debate amongst these authors, however, as how we can best analyse the threat to
 151 democracy in terms of cause and effect. This is often a question of methodology.

152 Schlozman *et al.* (2012) have presented data on economic inequality and
 153 public opinion to show that the United States now ranks among the least egalitar-
 154 ian of Western democracies and to prove that national policies are skewed
 155 in favour of the ultra-rich. They explain this finding in terms of the much
 156 greater opportunity for regular political participation available to the latter. For
 157 Jeffrey Winters (2011), however, this approach is flawed because the lion’s
 158 share of recent gains in income and wealth have gone to a tiny sliver of the pop-
 159 ulation, the top 1/10th and even 1/100th of the top one per cent of households. If
 160 political participation were the cause, economic gains should have been diffused
 161 more widely to include the upper middle class, which has every opportunity to
 162 participate in democracy in the ordinary sense. This is not the case. Instead,
 163 Winters argues, policies enacted as a direct result of the oligarchic influence of
 164 a small minority of individuals are the main explanation for the increased concen-
 165 tration wealth.

166 There is also much debate about the extent of the consequences for democ-
 167 racy. Fortunately, as even Winters is happy to ~~point out, even~~ fellow oligarchs do
 168 not agree on a great many political issues, hence he concludes that we now have
 169 the civil equivalent of a warring oligarchy. This caveat offers small comfort
 170 however, in the light of recent events in Thailand, for example, where the oli-
 171 garch, Thaksin Shinawatra, with an estimated wealth of \$1.7 billion USD, was
 172 able to finance systematic protests on a massive scale, ending in a collapse of

173 democracy. Whether we agree with Thaksin's agenda or not, this case shows the
 174 powerful disruptive effect large-scale private investments in politics can have.³
 175 Thomas Rhoden's (2013) comments on the Thai case hint at the futility of
 176 debates about cause and consequence: "This is not to ask does everything in
 177 Thai national politics happen because of a few extremely wealthy Thai oligarchs,
 178 but instead to ask the counterfactual: If extreme inequalities of material wealth
 179 were not an empirical reality in Thailand, then would events be playing out as
 180 they are right now?" Clearly, inequality is both the cause and the effect of a dis-
 181 tinct set of private interventions in democratic processes, and because of this
 182 feedback, the overall dynamic is one of stochastic escalation.

183 Finally, when it comes to addressing issues such as money politics and the rise
 184 of oligarchs, the opinions of expert commentators diverge even further. This re-
 185 flects a lack of comparative data on how exactly oligarchy and clandestine forms
 186 of money politics are produced and reproduced through the mechanics of prac-
 187 tical party politics. The present article seeks to make a modest contribution
 188 toward meeting the urgent need for such in-depth research, and thus makes
 189 no excuse for focusing on just one country, Indonesia.
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192 **INDONESIA'S LEGAL FRAMEWORK AND THE 2014 ELECTION**

193 One way to understand why political parties have become ultra-permeable to
 194 private capital in Indonesia is to look at the formal legal framework. This is also
 195 important because many experts' suggestions for remedying money politics come
 196 down to proposals for changing legal frameworks through new legislation. This
 197 case shows that such formal adjustments can be ineffective and fraught, and that
 198 policy frameworks need to be explored in terms of their actual impact on elections.
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200 Indonesia has tightened election participation rules in recent years, and con-
 201 sequently the number of political parties eligible to contest national elections has
 202 dropped from 48 in 1999 to 12 in the most recent, 2014 election. The policy in-
 203 tervention has fulfilled its aim of preventing a proliferation of small parties, and
 204 Indonesia thus has avoided the classical problem of systemic vulnerability due to
 205 fragmentation, made notorious in political history by the [decline](#) of the Weimar
 206 Republic into fascism in 1930s Germany. On the downside, however, onerous
 207 participation requirements have vastly increased running costs for parties and
 208 have made democratic politics prohibitively expensive.

209 Legislative elections in Indonesia are guided by 'Law No. 8 of 2012'. Repre-
 210 sentatives to the national assembly (DPR) are elected under an open-list
 211

212 ³South Korean businessman, Chung Mong-Joon (Hyundai group), is another example. With a net
 213 worth of US \$1.6 billion, Chung Mong-Joon has become a successful politician, a member of the
 214 National Assembly of South Korea in his fifth term in office, and a presidential candidate in the
 215 2012 election. As a representative of the Saenuri Party, he recently expressed support for
 nuclear armament of South Korea, which could destabilise an already precarious security situation.

proportional system through affiliation with political parties. To be eligible to contest an election, Article 8 of this law requires political parties to meet the following conditions (summary only):

1. Having met the threshold of 3.5 per cent of national votes in the last election.
2. Political Parties that did not meet the threshold in the previous election or are newly established may contest an election if they have:
 - (a) regional chapters in all provinces;
 - (b) chapters in 75% of regencies/municipalities in these provinces;
 - (c) chapters in 50% of districts/kecamatan in these regencies/municipalities;
 - (d) have 1000 registered members for each chapter of the political party;
 - (e) at least 30% women's representation in the management of the central chapter of the political party, and among candidates for election.

For 2014, having met the above conditions, the General Elections Commission (Komisi Pemilihan Umum, KPU) approved only the following twelve parties to contest the national elections:

- Golkar (leading party of the Suharto era, chair: business tycoon Aburizal Bakrie)
- Indonesian Democratic Party of Struggle (PDI-P, chair: Megawati Sukarnoputri)
- Great Indonesia Movement Party (GERINDRA, chair: Prof. Dr. Ir. Suhardi; founder and presidential candidate: former general Prabowo Subianto)
- Democratic Party (PD, chair: President Susilo Bambang Yudhoyono alias 'SBY')
- People's Conscience Party (HANURA, chair: former general H. Wiranto)
- National Democrats (Nasdem, chair: media tycoon Surya Paloh)
- Justice and Unity Party (PKPI, chair: former general & Jakarta governor Sutiyoso)
- Prosperous Justice Party (PKS, chair Muhammad Anis Matta)
- National Awakening Party (PKB, chair: HA Muhaimin Iskandar)
- National Mandate Party (PAN, chair: minister of economics M. Hatta Rajasa)
- United Development Party (PPP, chair: Dr. H. Suryadharma Ali)
- Crescent Star Party (PBB, chair: Prof Yusril Ihza Mahendra)

The biggest winner to emerge from the 2014 elections was Gerindra, whose leader Prabowo Subianto had led an aggressive and very expensive media campaign, focusing on the plight of those left behind by Indonesia's recent economic boom. Another winner, with the largest overall percentage of votes, was

259 PDIP – boosted by the late nomination of popular presidential candidate Joko
 260 Widodo, also known as ‘Jokowi,’ though less so than had been expected. The
 261 greatest loser has been the ruling Democrat Party (PD) of former general and
 262 outgoing President Susilo Bambang Yudhoyono, popularly known as ‘SBY’.
 263 The new Nasdem party of billionaire Surya Paloh made a strong entry. ‘Islamic
 264 identity’ parties (last five on the above list) remained fairly stable but small.⁴
 265 PKB, a nationalist Islamic identity party, recovered somewhat after a period of
 266 internal conflict. These results are shown in [Table 1](#), with the main winners
 267 marked in bold and the main loser underlined.

268 Only parties and coalitions with at least 25 per cent of the vote, or 20 per cent
 269 of seats in the House of Representatives (Dewan Perwakilan Rakyat, or DPR) are
 270 able to field a presidential candidate. Not even the largest party, PDIP, was able
 271 to meet this condition in 2014. The Constitutional Court has scrapped the
 272 requirement for the 2019 elections, with a decision to hold concurrent legislative
 273 and presidential elections. For the time being, the rule forces political parties to
 274 seek alliances, especially by offering the vice-president ticket and ministerial
 275 posts to another party.

276 In the aftermath of the 2014 election, the following two large inter-party alli-
 277 ances formed in preparation for the presidential election later in the same year:
 278 PDIP-PKB-Hanura-Nasdem-PKPI vs. Gerindra-Golkar-PAN-PKS-PPP. Yudhoy-
 279 no’s decimated PD was non-aligned as of 30 May 2014. The presidential and
 280 vice-presidential candidate teams of the two alliances were Jokowi-Kalla vs.
 281 Prabowo-Hatta Rajasa. The second of the two alliances was by far the stronger.
 282 Party support, however, is not a reliable predictor of voter behaviour, as was
 283 made evident in the 2013 election that saw Jokowi rise to the office of Governor
 284 of Jakarta despite a majority alliance of parties supporting his opponent.
 285 The presidential election of 2014 would prove to follow the same pattern. The
 286 more popular Jokowi-Kalla presidential team won by a narrow margin, despite
 287 the much greater size of their opponents’ political party coalition and their
 288 somewhat greater financial support. However, unless the coalition behind the
 289 losing Prabowo-Hatta team collapses, the new president Jokowi will face a
 290 hostile parliament, with only 207 out of 560 seats gained by his alliance, and thus
 291 have limited effectiveness. A recent decision by parliament to revoke the law on
 292 direct regional election against Jokowi’s wishes suggests he will face staunch oppo-
 293 sition or worse. This means that the presidential system in Indonesia, even under a
 294 populist like Jokowi, and much like the US under President Obama, cannot com-
 295 pensate for the power of the House of Representatives and for the systemic captivi-
 296 ty to powerful private interests of the political parties operating therein.

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 298 ⁴The term ‘Islamic’ party is of little practical use, because there is very little by which these party’s
 299 can be distinguished from others that do not appeal to Islam as a marker of identity. Importantly,
 300 Islamic parties are not immune to money politics or oligarchy. PKS, perhaps, has been the most
 301 disappointing to voters, as corruption scandals eventually dispelled the ‘clean’ image it had quite
 successfully cultivated.

Table 1. People's Representative Assembly (DPR) Election Results 1999-2014. Percentage of votes obtained by the contesting political parties. For official Indonesian Election Commission (KPU) data on the 2014 election, see <http://www.kpu.go.id/index.php/persentasepartai> (accessed on 1 October 2014).

| Political Party | 1999 | 2004 | 2009 | 2014 |
|-----------------|-------|-------|-------|--------------|
| PD | n/a | 7.45 | 20.85 | 10.19 |
| Golkar | 22.46 | 21.58 | 14.45 | 14.75 |
| PDI-P | 33.74 | 18.53 | 14.03 | 18.95 |
| Gerindra | n/a | n/a | 4.46 | 11.81 |
| Hanura | n/a | n/a | 3.77 | 5.26 |
| Nasdem | n/a | n/a | n/a | 6.72 |
| PKB | 12.62 | 10.57 | 4.94 | 9.04 |
| PAN | 7.12 | 6.44 | 6.01 | 7.59 |
| PPP | 10.71 | 8.15 | 5.32 | 6.53 |
| PKS | 1.36 | 7.34 | 7.88 | 6.79 |
| PBB | 2.62 | 2.62 | 1.79 | 1.46 |
| PKPI | n/a | n/a | n/a | 0.91 |

Political horse-trading in the wake of legislative elections requires compromises that can alter the programs on which the parties ran their election campaigns. Voters thus may suddenly see policies advanced by their chosen party that they had not bargained for. The influence of smaller parties with an Islamisation agenda, for example, largely rests on influencing their larger coalition partners, and this is a major concern for nationalist voters who have strong reservations about political Islam. The result is a lack of clarity about party policy from a voter's perspective, which undermines the principle of informed choice. On the other hand, an optimist might view power sharing among parties as a benign form of political consensus building within this multi-ethnic and multi-religious nation. The tendency to pair Javanese candidates with a politician from the outer islands (cf. the Jokowi-Kalla team), for example, suggests there is a genuine desire among the political class to cater to the interests of sectors of Indonesian society that are peripheral in ethnic terms, even if the practical motive may be electoral success.

So much for the formal constraints on political party's eligibility to contest elections in Indonesia, and on the relative standing of different parties today. But how do Indonesian political parties fund their increasingly costly operations, and what does this say about their democratic credentials?

THE COST OF RUNNING A PARTY

The cost of staffing offices in numerous provinces and in many hundreds of districts is very high. Expenses for promotional community projects and campaigning are also immense and rising, as campaigns become professionally run rather than relying primarily on the honorary work of volunteers. This

commercialisation can be seen even at the level of local campaigning, where it is humorously illustrated by the fact that the same hired bands of young men on loud motorcycles now roam the streets of Java ‘campaigning’ for different parties on different days, profiting handsomely and accumulating a multi-coloured collection of party T-shirts in the process. Campaign advertisements in commercial print and electronic media are one of the largest expenses, though less so for parties with strong links to media owners.

High campaign and operational costs are problems by which western political systems are also plagued. Nevertheless, there are some distinctive features in Indonesian campaigning that need to be considered. As the founding chairman of the Democrat Party, Budisantoso, told me in an interview:

“In America campaigns are not as expensive as in Indonesia, they can simply invite people to watch it on TV or read it in a newspaper, and most will. We however, have to mobilize the masses, feed them, and pay for their transport. It is exceedingly costly...a mass of people may be movable from Golkar to us (PD) or from PDIP to us, then they move back to PDIP – it is like a raffle – and all this has to be paid for. So the cost of doing politics in Indonesia is very high, beyond our capacity. The rules on...party contributions are not appropriate, businesses can only give up to 7 Billion [Indonesian Rupiah IDR, equivalent to c. US \$700,000], and yet our need for campaign funding is much higher than in America.” (Author’s translation)

His comparison with the US situation may be somewhat hyperbolic, but Budisantoso certainly has a point. In addition to fully catered public events in hired public arenas, campaigns can involve vote buying with gifts or even cash. In Surakarta, for example, several individuals independently reported to me that they were offered around IDR 50,000 by so-called ‘success teams’ to vote for a specified party. In Bali several people reported to me that villages had received payments collectively. I could not follow this up, however, the Asia Foundation’s Sandra Hamid also found that “more than 35 percent of voters confessed that they, or their families, had experienced vote buying” (Dominguez 2014). Indeed, a cynic might say that, in such a transactional political system, why should the public be the only ones to miss out on a payment?

Incumbents have an advantage because a cheaper option available to some of them is intimidation. Several government employees told me they were pressed hard by the regency administration to vote for the ruling party or face redeployment to a remote location. Other reports speak of pressure being put on student voters.⁵ I am not in a position to judge the extent of such activity, and intimidation

⁵Personal intimidation is a significant instrument of power in the *realpolitik* of many countries, including Indonesia. This is often exercised in very clandestine ways and is rarely discussed by political commentators. For a report on a case of election intimidation of student voters, see: <http://m>.

may not be very effective anyway. The same also goes for vote buying, given that voting is anonymous. Where does all the money for campaigning and operational costs come from?

HOW PARTIES RAISE FUNDS

There are three sources of legitimate funding for political parties in Indonesia: member's contributions, state funding, and private donations. Members' contributions are hardly a significant factor any more in Indonesia and elsewhere, because parties worldwide have lost their mass base in recent decades. This is also true of new democracies. In Indonesia, party members who have a seat in the House of Representatives or are ministers must furthermore surrender about 15–25 per cent of their wages, but this is also a relatively small amount.⁶

Parties in most countries also receive some funding from the state, and on this count Indonesian parties are comparatively poorly provisioned. In 2001, the payments were IDR 1000 per vote, but this amount was reduced by 90 per cent in 2005, to IDR 21 million per seat, or some IDR 100 (about 10 US cents) per vote. During the same period there was a fivefold increase in campaign costs (PDIP figures; Mietzner 2013).⁷ In short, state support is now negligible.

The 2011 party law also allows for donations –1 billion IDR per annum (equivalent to USD 100,000) from individuals and up to 7.5 billion IDR from corporations. Actual donations clearly do not conform to these limits and not always made to parties. They also include payments to prominent individual party members. It would be foolish to assume that such donations are given free of strings attached. Current law requires parties to disclose donations, income and expenditures only in a single report endorsed by their own auditor, rather than having to open their accounts to public scrutiny. Illegal contributions and spending thus cannot be traced by revealing discrepancies between income and expenses. Titi Anggraeni, executive director of the Association for Elections and Democracy says that their research found legal sources of income covered less than 15 per cent of the operating expenses for political parties. A huge amount of unseen and illegitimate funding changes hands. This utter dependence on private funding has come to dominate the reality of Indonesian party politics (Cochrane 2013).

So where do the other 85 per cent come from, not to mention the money required for covering illicit expenses? To the best of my knowledge no reliable figures are available on the actual volume of funds obtained by political parties

aktual.co/politik/151449tragis-mahasiswa-di-malang-dipaksa-pilih-parpol-tertentu/comment (accessed on 1 October 2014).

⁶The chair of the Indonesian Community for Democracy (KID) confirms this practice. See: Kleden, Ignas 2014. 'Political parties and the question of financing.' *Jakarta Post*, 14 February 2014.

⁷For comparative information on party funding in Indonesia up to 2007, see Mietzner (2007).

431 in a covert manner, for obvious reasons. In any case, it is much more important
 432 where the money comes from, how it is transferred, and whose interests it rep-
 433 represents. My research thus far suggests that there are three types of political
 434 parties in Indonesia, each based on a different model for securing ‘informal’
 435 private funding.

436 One type is sometimes mockingly referred to as *partai milik pribadi* or ‘pri-
 437 vately owned parties’. These are parties created from the outset to serve as a po-
 438 litical tool for a private individual, who wants to gain power within the DPR or
 439 through the office of President, or both. Examples are Gerindra, the party
 440 founded by Prabowo with his billionaire ~~younger~~ brother Hasyim; the National
 441 Democrat Party (Nasdem) founded by Metro Group media tycoon Surya
 442 Paloh; and the Hanura Party of wealthy former general Wiranto and his media
 443 tycoon friend Hary Tanoë Soedibjo. In this kind of political party, the founders’
 444 economic and political control of the party is very explicit, though not necessarily
 445 absolute. Note the prominent role of media tycoons within this class of political
 446 actors, on account of their dual ability to influence public opinion as well as
 447 provide illicit campaign funds.

448 In the case of the ‘private party’ Hanura, the founder Wiranto is collaborating
 449 openly with a powerful financial ally. A similar scenario pertains to fellow
 450 ex-general SBY’s Partai Demokrat (PD). His party again is new and rather
 451 small, and was founded to be one man’s political tool to allow him to run for
 452 president in 1999 – successfully, in this case. In both cases, the illustrious found-
 453 ers are wealthy former generals but not wealthy enough by far to pay for a
 454 massive election campaign without financial backers. Among ‘private parties’
 455 the degree of power concentrated in the hands of the party chief thus depends
 456 in good part on the degree of his or her own, independent wealth. The leaders
 457 of directly billionaire-owned private parties do not need to make as many political
 458 concessions to openly visible or concealed financial partners as do ‘front man’
 459 private party leaders like Wiranto and SBY. This can be positive, in that their pro-
 460 grams can be more cohesive, but on the other hand, there are fewer checks and
 461 balances.

462 Apart from the new, one-person-focused parties, custom designed by billion-
 463 aire stakeholders, with or without a prominent front man, there is a second model
 464 designed for informally funding larger, well-established parties. These are parties
 465 with a long history in Indonesian politics or with an indirect link to a historical
 466 mass base, such as the PKB’s relationship to the vast Muslim organisation Nah-
 467 dlatul Ulama (NU). This second model is based on a practice known as *sewa ken-*
 468 *daraan* or ‘hiring a vehicle,’ whereby an established party is hired to serve
 469 temporarily as a political vehicle for a rich individual.

470 When I asked him to comment about the way billionaire businessman Abur-
 471 izzal Bakhrie had become Golkar’s presidential candidate, even though he was an
 472 outsider, long-term senior Golkar figure Akbar Tanjung told me in an interview
 473 that

474 “The politics of this is very much influenced by pragmatism and transac-
 475 tionalism, and the presence of money politics. Hence it is possible some-
 476 times for a person, who was not raised in the environment of the party
 477 and who did not rise through the ranks, to stand for nomination with
 478 the aim of gaining a key position and thus to use that political party.
 479 These negotiations or political deals here also certainly require
 480 money.” (Author’s translation).

481 Similarly, but somewhat less controversial than the Golkar case, the billionaire
 482 owner of private airline ‘Lion Air’, Rusdi Kirana, recently ‘hired himself a political
 483 vehicle’ by becoming deputy chair of the PKB.

484 It is hardly a secret that nominations and elections for the position of chair-
 485 person or presidential candidate of large established parties involve substantial
 486 financial transactions. But there are also significant and ongoing tensions. The
 487 reverse-costs for Golkar, in this case, for example, were quite high and have
 488 given rise to intense resentment. Bakrie’s handling of the 2006 Lapindo environ-
 489 mental disaster caused by one of his companies has made him widely unpopular –
 490 in short, he has very low electability. Hence Golkar was a no starter in the 2014
 491 presidential race.⁸ These problems with the Bakrie nomination show why the use
 492 of comparatively ‘poor’ but popular candidates as front men or women can be an
 493 attractive alternative to a billionaire donor/leader in today’s media driven society.
 494 Indonesians are not yet accustomed to billionaires in politics, which for so long
 495 has been the playground of generals, and they tend to distrust their motives.
 496 This caveat applies equally to privately owned and hired parties as it does to
 497 the ‘dynastic parties’ I shall discuss next.

498 The Indonesian Democratic Party of Struggle (PDIP) represents a somewhat
 499 different model. This is a heritage party with a strong mass base in society and a
 500 dynastic element. Megawati Sukarnoputri has had a firm hold on this party as
 501 chairperson and was also its presidential candidate until 2014. PDIP is seen as
 502 the successor of the Indonesian Nationalist Party (PNI), led by her father, Indo-
 503 nesia’s first president and hero of the independence struggle against the Dutch.
 504 Megawati’s hold is largely based on dynastic political capital, which still does play
 505 a large though slowly diminishing role in Indonesia.

506 Golkar is also a heritage party, but its dynastic line was lost with the fall of
 507 Suharto and the subsequent retreat from politics of his family (known as the
 508 Cendana clan). The elite family of Prabowo Subianto too has a dynastic compo-
 509 nent, which I shall discuss at length in a forthcoming publication. Other examples
 510 include public figures like Meutia Hatta, presidential advisor and daughter of
 511 Mohammad Hatta, who was vice-president in the Sukarno era, and Yenny
 512 Wahid, daughter of former president, PKB founder and NU chair Abdurrachman
 513 Wahid. The dynastic element in Indonesian politics seems to be waning as the
 514

515 ⁸On Lapind, see: <http://www.smithsonianmag.com/science-nature/the-worlds-muddiest-disaster-1603529/?no-ist> (accessed on 1 October 2014).
 516

517 economic imperative of money politics is becoming more dominant, but this
 518 could change again quickly under conditions of widespread public discontent.

519 As we already discovered, heritage parties like Golkar can and have been
 520 'hired' as vehicles for politically ambitious billionaires. In the case of PDIP
 521 such a leadership change has not been possible so long as the personal status
 522 of Megawati Sukarnoputri as party leader has remained unassailable in the
 523 minds of followers. But neither has it been necessary. PDIP has had informal
 524 access to the immense wealth of Megawati's husband, Taufik Kiemas, a business
 525 tycoon (now deceased). Less visibly the party has had support from other rich in-
 526 dividuals and multinational corporations whose interests Megawati in turn has
 527 had to consider during her term as president, never mind the national interest.
 528 Overall, Megawati may best be referred to as an 'irreplaceable front person.'

529 PDIP's situation may now be changing. While Megawati is still chairperson,
 530 the party's successful presidential candidate, Jokowi, is closer to the model of a
 531 normal, that is, 'replaceable' front man, and his lack of sufficient independent
 532 wealth to pay for his own campaigns makes it imperative for him to have
 533 wealthy backers. He is said to have received support, for example, from
 534 Chinese business leaders for his 2013 campaign to become governor of
 535 Jakarta, according to the Indonesian National Survey Institute's Burhanuddin
 536 Muchtadi (*pers. com.*). He also received political support from businessman-pol-
 537 itician Yussuf Kalla, and from Prabowo Subianto, who later became his rival for
 538 the presidency in a remarkable reversal.⁹ Jokowi may retain enough charisma to
 539 remain indispensable for PDIP for some time, which does give him some power
 540 of his own. His presidency could even mark the beginning of a new dynastic line
 541 within PDIP, providing of course that his popularity keeps him in office long
 542 enough and allows him to negotiate a policy package that will please the public
 543 as well as his financial backers.

544 All parties also raise funds from a host of non-dominant, secondary sponsors.
 545 Secondary sponsors receive specific favors more often than ongoing political
 546 support for their business ventures. Some choose to remain invisible while
 547 others publicly display their support for their political 'champions' (*jago*).
 548 Chinese businessmen are an interesting case. Once known for being secretive
 549 about their political affiliations, and prone to donating, in blanket fashion, to
 550 all major parties, some are now trying themselves at more direct and public po-
 551 litical engagement, for example Jakarta's (deputy) governor Ahok, thus question-
 552 ing a long established ethnic division in Indonesia between political and
 553 economic power.¹⁰ Nevertheless, anti-Chinese sentiments among voters still
 554 place them at a disadvantage in a democratic political arena.

555
 556 ⁹'Elite engineering gives birth to Jokowi's ascension.' *The Jakarta Post*, 19 November 2013. Avail-
 557 able at: <http://www.thejakartapost.com/news/2013/11/19/elite-engineering-give-birth-jokowi-s-ascension.html> (accessed on 1 October 2014).

558 ¹⁰This division is of course not absolute. There are also important non-Chinese economic players,
 559 some of whom I have mentioned. However, Chinese business tycoons still dominate the Forbes list

Note that the above typology of political parties, based on their funding models, is intended merely as a way of identifying the basic features of a very complex political scenario. In reality, political parties in Indonesia all operate under similar conditions and what they have in common is much greater than what distinguishes them. These contemporary systemic conditions are not natural but the result of a particular and ongoing historical process with an uncertain future.

Comparison shows that these conditions are not unique to Indonesia or ASEAN. Media tycoon Silvio Berlusconi's 'Forza Italia' Party in Italy and, in Australia, billionaire Clive Palmer's Palmer United Party (PUP) remind us that western democracies are not far behind in this trend toward having billionaires come out of the closet and declare themselves openly as political players, on a 'private party' platform or, in other cases, by joining established parties. This is making money politics more blatant and legitimate, and changing the essential meaning of what we understand a political party to be (Miragliotta 2014).

To some extent the political consequences depend on the kind of billionaire we are dealing with. Programmes still do matter, and wealthy politicians can be voted out of office like all others. On the other hand, the conflation of political power and private ownership, in combination with a massive contemporary trend toward increasing inequality and middle-class decline (Diehm and Hall 2013; Pickety 2014), and with the increasing political influence of privately owned media, does raise the question whether this kind of system still can be described as democratic. Inglehart and Welzel's (2003) distinction between effective and electoral democracy is useful here, as a transitional concept. In the long run, however, a vital lack of effective democracy is likely also to undermine electoral processes.

Jeffrey Winters (2011) work on 'oligarchs' shows that large private financial interests exerting overt political influence to the point of conflating ownership and power is by no means a new phenomenon, though the sphere over which oligarchs exert influence today is unprecedented and increasingly global. Relationships between them and a range of other globalising elite sectors remain complex and contested. (Rothkopf 2008) The political rise of billionaires is oddly reminiscent of the various feudal systems that preceded democracies in many countries, including Indonesia, in that the political rulers of feudal societies were also simultaneously the paramount owners of the means of production (primarily land in agrarian societies). The emerging ownership cartel in modern Indonesia is reflected in the fact that the 40 richest individuals' assets are equal to about 10 per cent of Indonesia's GDP (Winters 2013). For ordinary citizens, the only hope under a fully-fledged 'ruler-owner' system, feudal or hyper-modern, is the rise of a 'just king' (or *ratu adil* in the Javanese tradition), whose noble character is said to

of Indonesia's richest individuals. See: <http://www.forbes.com/indonesia-billionaires/> (accessed on 1 October 2014).

603 prevent him (rarely, her) from the temptation to place private above public inter-
 604 ests. Such concepts of divine kingship or charismatic leadership remain important
 605 in Indonesia today, and this is quite understandable in view of deeply entrenched
 606 patterns of inequality that permit few other hopes (see Reuter 2010).
 607

608 POLITICAL ECONOMY OR ECONOMIC POLITY?

609
 610 In the course of my five-year ethnographic research project on Indonesia's na-
 611 tional elite, I had the opportunity to ask Yussuf Kalla, recently elected as vice-
 612 president of Indonesia, whether the political class in Indonesia still can provide
 613 a containment line to limit the overwhelming influence of financial and business
 614 interests, given the dependence of parties on wealthy donors. In his opinion,
 615 maintaining this containment line is made difficult by the fact that political
 616 power has become too fragmented following the end of the Suharto dictatorship
 617 and the democratic shift in 1998, and the subsequent amendment of the 1945
 618 constitution:
 619

620
 621 “[Power] used to be centralised. So whatever Suharto or his cronies said
 622 was done....Now political power is divided into three. At the centre there
 623 is still power, resting with the ministers for example, but what remains is
 624 only one third. Then there is power in the DPR, because the DPR con-
 625 trols the budget and authorises. Then [thirdly], there are the Regions. So
 626 the strength of government is broken up. Things are decided by the
 627 DPR. No matter what the government says, the DPR can change it.”
 628 (Author's translation)

629
 630 Kalla's point is that the executive had supreme decision power and a monopoly on
 631 force prior to the amendment, but that now the deal making, the transactions
 632 rule the day. Political parties, even ruling coalition parties, need to broker
 633 broad alliances in the DPR – often on a case by case basis – in order to satisfy
 634 the specific needs of their political clients. This is a complex process known as
 635 ‘*politik transaksional*’. Low-profile individuals who run powerful informal com-
 636 munication networks often manage these transactions. They are the majority
 637 makers who navigate laws through the DPR, they are the ones who broker
 638 deals for legislative amendments, budget allocations, contracts, and so on, at
 639 the behest of the major players. A major focal point of such political deal
 640 making is the influential DPR Commissions.

641
 642 The most lucrative deals are about the allocation of government develop-
 643 ment contracts. Political parties back affiliated contractors and then embezzle
 644 funds, according to credible reports (Zaenal Arifin 2014). Various high placed
 645 sources have told me that less than half of infrastructure development funds
 reach their destination. This shows how money politics undermines public
 interest.

Ibrahim Fahmy, program director at Transparency International Indonesia, notes similarly how “some big corporations lobby members of parliament, who then accept bribes in exchange for granting projects” (cited in Domínguez 2014). An example is the case of the governing Democrat Party’s treasurer, Naz- aruddin, who accepted bribes of almost three million USD in connection with tenders for the Southeast Asian Games. Meanwhile, the party’s former chairman, Anas Urbaningrum, allegedly took 100 billion IDR in kickbacks to rig the lucrative contract for building a sports centre in Hambalang, Bogor. Their coalition partner, the PKS, had former president Luthfi Hasan Ishaq face charges of bribery in the beef import case of February 2013. The main problem is that the anti-corruption body KPK and the courts prosecute only the corrupted officials, while the ones who corrupted them generally escape punishment.

Political transactions in Indonesia of course also accompany the accommodation of sometimes systemic, sometimes diverging foreign interests. Indonesia has been attracting an enormous amount of foreign investment in recent years. It is also an extremely important country strategically, especially in a context of growing competition between the US and China, and associated military tensions (Gunn 2014). At stake is not just regional hegemony, but the larger question of unipolarity vs. multipolarity of the entire geopolitical order for the twenty-first century (Layne 2012).

SOLUTIONS: REDUCING THE SWAY OF MONEY POLITICS

The Corruption Eradication Commission (KPK), the DPR’s ethics committee and NGOs like the Association for Elections and Democracy have all been suggesting reforms are needed to increase tax-payer funding for political parties, so as to reduce their dependence on billionaire sponsors (Devianti Faridz 2014). These calls are also echoed by academic commentators like Markus Mietzner (2013), in his recent book *Money, Power, and Ideology: Political Parties in Post-Authoritarian Indonesia*.

Would this work? Personally, I would say ‘no’ or, more precisely, it is naïve to assume this strategy will have any effect on its own. Providing parties with public funding is no guarantee against ‘double dipping’, that is, taking public money as well as private sponsors’ money. In the competitive environment they inhabit, there is simply no such thing as a political party with too much money. Take the Australian case as an example: The public purse’s contribution to political parties is now AUD 2.48 per vote received (USD 2.29) for both House of Representatives and Senate votes. The amount of public funding in 2010 was close to seven times higher than it was in 1984. This ‘increased public funding’ policy was well intentioned to remove the incentive for money politics and stop private money distorting the contest. It did not achieve this aim, however, because the legislation did not cap spending or limit private donations. Indeed, private

689 donations grew enormously (Young 2013). The current inquiry into political cor-
 690 ruption in Australian state of New South Wales also shows how overly intimate
 691 links between politics and business and a lack of appropriate checks may open
 692 the door to abuses of public office anywhere, not just in Indonesia and other
 693 ASEAN countries. I therefore would recommend that adequate public funding
 694 of political parties be supported by the following six additional measures (in
 695 Indonesia and elsewhere):

696 First and most important, it could be made a licensing condition for media
 697 companies that access to a generous quota of media space be provided free of
 698 charge to all qualifying political parties on all TV and Radio channels carrying
 699 news, as well as in newspapers, perhaps with a larger quota for parties that
 700 achieved more than say five per cent in the previous election; with time/space
 701 quotas kept moderate between campaigns, and raised during campaign
 702 periods. (A stratified funding model raises the possibility of ‘cartelisation’,
 703 whereby larger parties would have the advantage. The opposite would be an ex-
 704 cessive proliferation of small parties, to the detriment of unitary governance.
 705 Much thus depends on how well a stratified funding model is calibrated to
 706 avoid these opposite risks). Equity principles ought to be observed for voluntary
 707 additional coverage given to particular parties and their policies by news media in
 708 reports or editorials. As it is, the rental market in commercialised public space is
 709 simply too expensive to compete in for parties whose programmes genuinely
 710 serve the public or run against the prevailing policy directions that are the em-
 711 bodiment of big money influence. Indeed, the overpriced media estate market
 712 is a key mechanism for the maintenance of the current policy landscape.

713 Second, strict rules could be set to limit donations to parties, making both
 714 donors and political parties criminally and personally liable for any violations,
 715 instead of pursuing selected politicians only. Conflicts of interests due to activities
 716 before, during, or after a politician’s term in office should be avoided. An example
 717 is the appointment of former ministers to lucrative ‘reward positions’ in compa-
 718 nies whose interests they have served while in office. The case of the appoint-
 719 ment of former Australian foreign minister, Alexander Downer, by Woodside
 720 Petroleum comes to mind, given his involvement in securing the highly contro-
 721 versial Timor Gap Agreement to the benefit of this company; a case now
 722 brought before the International Court in den Haag by Timor Leste. Whatever
 723 one may think about this or any other particular case, even potential conflicts of
 724 interest can discredit a system of political representation.

725 Third, candidates convicted of vote buying or voter intimidation could face a
 726 life-long disqualification to stand for office. A further related point is that there is
 727 a need for improved voter education on what can be expected of political parties
 728 in a democracy.

729 There should also be strict limits on media ownership consolidation. Again
 730 Australia presents a striking example of how easily public opinion can be
 731 turned against governments on either side of politics where there is high

732 media ownership concentration; Indonesia currently is still in a slightly better po-
 733 sition with about seven major media owners.

734 Lastly, there needs **to be concerted efforts by parties** to (re-)establish a mass
 735 base in civil society around important contemporary issues and challenges (of
 736 which there are many), and to set up internal procedures to ensure candidates
 737 are proposed for election on the basis of their talent, dedication, vision and,
 738 above all, compassion.

739 Some may object that I am just dreaming, that the political will for such
 740 reforms is entirely lacking. However, that only begs the question of whose will
 741 is done in today's democracies? The matter of political will in a commercialised
 742 polity largely comes down to the remnant autonomy of the political class and
 743 security enforcers relative to their dependence on donors, and on the relative
 744 degree of unity within the different camps.

745 On the global level, as everywhere, there is an urgent need for the political
 746 class to stand up and be counted, working united through the G20 and other
 747 channels. To hold transnational capital to its public responsibilities (such as
 748 paying taxes) is now beyond the capacity of individual nations. Conversely, it
 749 will be interesting to watch for progress in the commercial sector. Voluntary
 750 public responsibility initiatives promoted from within the business community
 751 and by private capital today may not always be without ulterior motives, but a
 752 new sense of responsibility seems to be emerging. Indonesia is leading the
 753 pack in this regard, as the first country to legislate a mandatory 'corporate
 754 social responsibility' program. To turn this into a paradigm will require a new,
 755 global consensus and responsible business leadership for sustainable prosperity.

756 In the interim, it is up to civil society to fill the gap. Social media is providing
 757 an affordable alternative route for political parties, and indeed for civil society
 758 groups, to access public space in Indonesia – reminiscent of use of new media
 759 in the Obama campaign. Between 1998 and 2008, households with a television
 760 increased almost threefold, but by June 2013 Indonesia also had almost 64
 761 million active Facebook users and about 30 million Twitter users. In 2012
 762 Jakarta became the world's most tweeted city, ahead of London, New York and
 763 Tokyo (Stott 2014). A recent European Union policy decision to maintain the
 764 freedom of the internet as a largely rent-free public space can be seen as a rec-
 765 ognition of the key role of free or low-cost (online) media space to the future fate
 766 of democracy. Low-cost advocacy organisations are transforming contemporary
 767 political landscapes, by drawing market failures and governance failures to
 768 public attention (Karpf 2012).

769 More broadly, I agree with Ed Aspinall's (2013) assessment that, alongside
 770 the enormous and still growing influence of private capital over the political
 771 process, media space and the security sector, public agency also has been a
 772 force to be reckoned with in post-Suharto Indonesia. Religious organisations
 773 and civil society groups became politically engaged after 1998, and some of the
 774 good work done by the pro-democracy NGOs among them is deliberately

775 cited in this article. Constant public debate on the issue of political corruption
 776 and the high profile of some of the cases pursued by the Corruption Eradication
 777 Commission are testimony to a hotly contested struggle for political account-
 778 ability and justice driven ultimately by popular aspirations and the availability
 779 of low rent media.

780 In Indonesia, as elsewhere, the military also remains important for the contain-
 781 ment line mentioned earlier, given the close relations that exist between the mili-
 782 tary and the political class in this country, as in many others. Herein I can only
 783 briefly touch on some key trends. Apart from overly intimate military-industry
 784 links and ‘revolving doors’ between associated elite sectors, the most serious
 785 concern today is a global trend toward a privatisation of security that runs in parallel
 786 to the private funding of representational political structures. In Indonesia the army
 787 forfeited its very prominent position in the political system and lost some of its bar-
 788 gaining power after 1998, especially since the ‘reformasi’ period also saw a prolif-
 789 eration of interest-based paramilitary groups forming along the fringes of the
 790 security apparatus, with diverse political or ethnic allegiances and sometimes
 791 with clandestine links to regular forces. Most major political parties and also civil
 792 society organisations maintain their own private security apparatus. Such privatisa-
 793 tion of force, if it escalates, would surely spell the end of democracy, as we know it.
 794

795 **TODAY INDONESIA, TOMORROW THE WORLD**

796
 797 In conclusion, money politics in Indonesia is creating a system whereby major
 798 financial interests maintain an order that is largely to their liking, while making
 799 only modest concessions to the interests of the wider public. This is a global phe-
 800 nomenon in every sense of the word. In a recent address at a retreat for the lead-
 801 ership of the German Social Democratic Party, Jürgen Habermas issued this
 802 warning:
 803

804
 805 “Those who do not wish for a modern form of feudalism to spread under
 806 the mantle of democracy must direct their gaze to examine the agenda of
 807 world economic politics, which today largely determines the amount of
 808 wiggle room there is for exerting political influence over the setting of
 809 living conditions within democratic societies. Neoliberalism replaces
 810 democracy with a legalistic state devoid of social protections.” (Habermas
 2014: 86, this author’s translation).

811
 812 Some may hope to sleep better at night by dismissing such concerns, arguing that
 813 things still seem ok, whosoever it may be that rules the roost, at least for the time
 814 being. Such complacency only begs the question: how ethical and civilised is
 815 the rule of money today, and how ethical and civilised can it remain or
 816 become, especially now that some members of the moneyed elite are entering
 817 directly into the limelight of the political arena?

818 The quest for personal profit, which is the ruling spirit of the commercial
 819 world, is too reductionist a perspective on politics in my opinion, even when
 820 such instrumentalism gains popular appeal, as it has. In Indonesia many voters
 821 now apply the same reductionist logic of transactional politics, by using the
 822 degree of ‘trickle down effect’ to measure and compare the performance of
 823 political parties – never mind who their owners or backers may be, as do many
 824 voters in other countries. The problem is that such ‘voter transactionalism’ –
 825 not to mention the transactionalism of the ruling elite – encourages irrational
 826 biases and a spirit of short-termism in state policy settings. The resulting policy
 827 deficit prevents us from responding rationally to the urgent resource challenges
 828 humanity now faces, and thus sets the scene for a violent race to the bottom.
 829 Public life in today’s world is simply not sustainable if it relies solely on an
 830 institutionalisation of avarice. The advance of powerful private sector players
 831 into the realm of politics in some ways may reflect the dawning of this realisation
 832 upon them.
 833

834 **Acknowledgements**

836 Research for this article was carried out with funding from the Australian Research
 837 Council.
 838

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