

Political Financing at Local Democracy: The Model of Electoralist or the Linkages of Business and Cartel Models? (A Case of East Nusa Tenggara, Indonesia)

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Abstract

This study explores the political financing model consolidated by political parties at local democracy with a transitional society. The dominant literature on political financing has been influenced by single and plural outlooks within feudal-modern societies contexts. Political financing is categorized into some models that cannot explain the political financing in transitional societies at local democracy. Based on the political financing case consolidated by Nasdem and Golkar within coalition and candidacy processes in the election for Governor and Deputy Governor of NTT period 2018-2023, this study explains the consolidation and model of political financing by combining concepts of political financing such as electoral model, business-plutocratic, and cartel with material and non-material resources. This study finds that the political financing model is formed from the resources consolidation that comes from the state and business actors. Referring to the finding, we argue that the stronger the dependence of local democracy on state resources, the stronger the consolidation of political financing that is sourced from the linkages of state resources and business actors with state affiliation. This study, therefore, contributes to providing an important explanation that is absent from the existing political financing studies.

Keywords: Political financing, transitional society, local democracy.

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I. Introduction

This study aims to explain the political financing model formed from the financing consolidation process carried out by the political party at local democracy based on the case of East Nusa Tenggara (NTT), Indonesia. Political financing, which is described as the resource funding for political spending (van Biezen, 2000, 2003; Scarow, 2007) is explored through financing consolidation at the candidacy process concurrently with negotiations on the formation of coalitions and campaigns funding. The main question addressed by this study is how does a political party consolidate political financing to fund electoral political spending at local democracy? What is the basis and form of political funding as well as the model?

The studies on political financing have been dominated by the perspective of the political funding model based on the consolidation of single and plural sources. The studies have not yet provided a place for political financing models shaped by the linking of the existing models. The perspective, thus, is created an elitist, business or plutocratic, oligarchic, cartel and clientelistic model as the typology of political financing with a single source on the one hand (Duverger, 1959; Bridge, 1982; Robison and Hadiz, 2004; Ambardi, 2008; Lubenova, 2008; Katz dan Mair, 2009; Gomez, 2012; Winters, 2011; 2013; Evertsson, 2013; Aspinall, 2015) and a mass, electoralist, and cooperation – gotong royong – model as the typology of political financing with plural financing sources on the other hand (Kircheimer, 2015; Penebianco, 1988; Katz dan Mair, 1995; Nassmacher, 2009; Dwipayana, 2012).

Moreover, the studies and the political financing models, except for the cooperation model, are strongly influenced by the dichotomy of the development of feudal and modern societies in the European context, especially Western Europe. Those studies are also drawing on national political background that cannot be used to explain the political financing in the context of a transitional society in the regions – local – which has a non-rigid developmental condition from feudal to modern society. Therefore, the studies with the political financing

models are not only unpaying attention to the linkage of political financing models, but also inadequately discussing the political financing model formed from the consolidation process at the local democracy with the context of the transitional society between feudal and modern such as in NTT and others periphery.

A number of studies show that NTT and the periphery in Indonesia are local democracies undergoing modernization but do not eliminate the influence of feudalism (van Klinken, 2007; van Klinken and Berenschot, 2016; Berenschot, 2018). Meanwhile, other studies with the same context of society describe that there is a central actor in the region who controls the most important resources – material and non-material – for political financing, namely political class. This class consists of bureaucracy elites who control non-material resources because they have access to state resources and entrepreneurs who have material resources with equal access to state resources (Vel, 2008; Tidey, 2012; Winters, 2013; Rohi, 2021). The existence of this class with its mastery of access makes the configuration of material and non-material resources as a basis for political financing potentially produce variant models of political financing in which formed by the linking of existing political financing models. Therefore, this study tries to go beyond the dichotomous perspective of single and plural sources to explain the consolidation of political financing in the context of a transitional society at local democracy.

Drawing on the case of political financing consolidated by the coalition of Nasdem and Golkar within the candidacy process in the local election for Governor and Deputy Governor of NTT period 2018-2023, this study explains the form and model of political financing that is shaped at local democracy. Data collection entails observations, depth interviews, and desk review. The analysis is using explanation technique by combining some concepts of political financing such as model of electoralist (Katz and mair, 1995), business (Lubanova, 2008; Evertson, 2013), and cartel (Ambardi, 2008; Katz and Mair, 2009) with the notion of material and non-material resources (Winters, 2013).

This study argues that the stronger the local democracy dependent on state resources, the stronger the consolidation of political financing formed the political financing model from the linkage of state resources and business actors affiliated with the state. This study finding shows that the political financing consolidation at local democracy in the context of a transitional society is linked to the sources of political financing from the state and business actors. This model provides an explanation that has not yet been paid attention to previous studies of political funding where the political financing model is very likely to shape from the existing models. This study, thus, shows that political financing at local democracy with a transitional society context can only be explained by going beyond the dichotomous perspective of single and plural sources.

This paper is outlined into three sections. The first section describes the introduction including the background, research question, literature review, and method. The second section elaborates the discussion about the findings that consisted of the local democracy context and the sources of political financing, the political financing consolidation carried out by the political party, and the political financing model formed from the funding consolidation. The third section is the conclusion.

II. Finding and Discussion

The political party financing consolidation at the local democracy of NTT is strongly related to the local context. This province has a transitional society context with less industrialization. The condition causes the state to become a dominant source and production base that has implications for the limited choice of sources of political financing. The consolidation of political funding, in turn, places state resources as the first option. However, political financing source does not only depend on the state but also comes from business actors. This political financing consolidation, therefore, is produced the linkages model of cartel and business actor models.

Local Democracy and Sources of Political Funding

Local politics in Indonesia become democratic along with the collapse of Suharto's authoritarian regime. One of the most prominent factors is the holding of direct regional head elections (pilkada). Although it is debatable, direct regional elections are considered the most fundamental part of the manifestation of democracy at the local level. Despite proceduralist – normative – compared to the previous indirect election system, direct pilkada is believed to realize democratic principles such as guaranteeing the operation of freedom and equality in politics. On the other hand, indirect local elections were seen as merely an extension of the centralized national political will (Lay, 2007) as had the long experience of local politics during the reign of the New Order regime.

One of the centralistic characteristics of the New Order is the restriction of the number and sources of political financing. Political parties are limited in the number and sources of political financing through closing all political finance faucets excepted state subsidies with nominal regulated unilaterally by the ruling regime (Mas'ood, 1989; Mietzner, 2007; 2010; Lay, 2010). The economic sector is also managed more or less in the same way. The large industry is controlled through a capitalistic bureaucratic system by placing the palace as

the center. As a result, business actors and the private economic sector are actors and businesses born and raised by the state (Jackson, 1978; Crouch, 1979; Robison, 1986; Robison and Hadiz, 2004; Winters, 2011; 2013).

This condition does not significantly change after the fall of Suharto. Non-material and material resources are still under the control of the actors of the state and businesses affiliated with the ruling regime (Robison and Hadiz, 2004; Winters, 2013). The PDI-P, which tried to find alternative political financing by consolidating the cooperation model of political funding, ultimately turned back to the state and business actors (Dwipayana, 2012). Moreover, political parties in the periphery area such as NTT without a large-scale non-state economic sector on the one hand and the other hand, 70 percent of its income is dependent on the state (van Klinken, 2007; Tidey, 2012; Laporan Ekonomi NTT, 2020), are difficult to find sources of political financing other than access to state resources or business actors particularly from the national level. The state and business actors, therefore, are the primary political party financing source at local democracy.

The state as a source of political financing is consolidated through the budgetary and non-budgetary way (Ambardi, 2008). Limited state subsidies, even reduced in number (Mietzner, 2007), caused political parties to shift their main political financing base from institutions to individuals that rely on a budgetary route in the form of contributions as candidates (Mellaz, 2018; Haryanto et. al, 2018; Hendrawan et. al, 2021), and non-budgetary track such as access to government projects and public funds through political party agents in the government (Hopkin, 2004; Katz and Mair, 2009). This consolidation of political rent and cartel financing models parallel with other important alternative sources of political funding originating from business actors with a number of exchanges of interests, especially access to state resources (Rohi, 2021).

The Consolidation of Political Financing in Local Election

The findings of this study indicate that the political party at local democracy consolidates political financing by utilizing financing sources, which mainly come from the state and business actors. Political financing that is sourced from state resources, aside from state-limited routine subsidies, political parties at local democracy utilize their cadres or agents who sit as members of the legislature and executive in the regions as well as local contractors. Meanwhile, sources of political financing originating from business actors are consolidated by the political party through national business actors and their networks.

The political financing consolidation from the state is carried out by political parties through regular and irregular contributions from political party cadres who are members of parliament, governor and deputy, and regent and deputy as well as contractors of government projects. These cadres become agents of political parties in accessing state resources intended for political funding.

Some result of the interviews show that there are contributions from faction members of parliament, political elites, and public officials such as governor and deputy as well as regents and vice regents (Interview, EML (12/09/2019), Member of DPR RI Period 2019-2024, Golkar). Political financing based on this permanent contribution comes from cadres or agents of political parties who serve as members of the legislature and executive by way of payroll deductions of every month with an amount difference between the district/city, provincial and national levels. Mandatory monthly contributions for districts/cities are 3,5 million, provinces are 5 million, and the center is 15 million rupiahs (Interview, AO (08/10/2019), Member of DPRD NTT Period 2019-2024, Nasdem).

These agents also provide non-permanent contributions for each political party's activities. The amount of which depends on the willingness of each agent. Nevertheless, the average amount referred to the nominal in the financial reports submitted to the NTT election commission (KPU) is 30 million rupiahs. Likewise, this kind of non-permanent donation is supplied by contractors who get government projects with the help of political parties and their agents in the government. If the number of non-permanent contributions of political party agents is not determined, then the contractors are usually set at around 10-20 percent of the project budget (Interview, JFA (20/08/2021), The chairman of governor candidate volunteer).

In addition to funds, a political party accesses the state resources as a basis for political financing in the form of state authority. There are strong indications that the main political parties in the coalition, namely Nasdem and Golkar, funded the formation of the coalition and the candidacy process by placing state authority as the price for a number of regional legislative seats and the composition of the governor and deputy governor candidates. Nasdem, which is in the election-winning coalition nationally, has agents who hold the essential resources needed to assist Golkar's top elite in a corruption case and the seizure of the PSSI chairmanship (Interview, JKU (24/10/2019), A retired general police who is highly respected by the candidate). Nasdem in turn got the positions of candidates for governor and regent in a coalition with Golkar not only in NTT but simultaneous regional elections throughout Indonesia (Interview, ML (12/09/2019), Member of DPR RI Period 2019-2024, Golkar).

Meanwhile, the basis of political financing originating from a business actor is consolidated by the political party in utilizing candidates who are also entrepreneurs, and their business networks at the local and especially national levels. This political financing consolidation is specifically intended to fund the political

campaign of Nasdem and Golkar – Hanura and PPP joined after the coalition formed – which proposed Viktor Bungtilu Laiskodat and Josef Nai Soi as the candidate for governor and the deputy governor.

Despite the contributions coming from various actors but the amount is slight in number (Interview, ES (15/11/2019), Finance of the coalition). The total donations are only about 4 billion rupiahs (Interview, RF (29/10/2019), The director of local bank in NTT and a close friend of governor candidate). The most contribution, which is around 90 percent, comes from candidates and their business networks (Interview, CM (15/11/2019), Member of DPRD NTT Period 2019-2024, Nasdem), where local networks' contributions are not significant compared to the national ones, especially Jakarta (Interview, JA (02/11/2019), Close friend of governor candidate who serve state as a police). The contributions reported by the coalition to the NTT KPU confirm this number where the composition of local contributors comes from the background of construction, minimarket, agricultural and culinary entrepreneurs. Meantime, national contributors come from the Artha Graha Group business network where the candidate is one of the prominent business actors in the network (Interview, SLM (03/11/2019), Close friend of governor candidate who serve as an anti-corruption activist). The total cost for the campaign is estimated not less than 100 billion rupiahs (Interview, ELA (12/09/2019), Member of DPR RI Period 2019-2024, Golkar).

The political financing of the coalition is consolidated from the state and business actors. The largest number comes from business actors who are candidates and their networks in the form of cash. Meanwhile, the state resources are in the form of development funds and public authorities accessed by political parties through their agents in the government.

The Model of Political Financing at Local Democracy

Political funding in local elections is consolidated by a political party by way of the resources of the state and business actors. This resource consolidation explains that the political financing model at the local democracy with transitional society context can only be understood using a combination of cartel and business or plutocratic models.

The cartel model is a political financing model based on state resources. Political parties consolidate this political financing model like a cartel network that altogether secures and shares the benefits of state resources from public funds. Political parties have accessed the resources through budgetary (subsidy) and non-budgetary (rent-seeking), authorities until other privileges (Kats and Mair, 1995; 2009; Ambardi, 2008; Rohi, 2021). While the business actor or plutocratic model is a political financing model where the sources of funding come from business actors and their networks. The source of financing for this model is different from the business model, which is based on the business wing of a political party (Gomez, 2012). The plutocratic financing model refers to business actors as the main source and consolidation node of different business networks from the business wing of political parties (Lubenova, 2008; Katz dan Mair, 2009). This cartel and plutocratic political financing model are found altogether under the consolidation of the electoral financing of political parties at the local democracy with the context of a transitional society.

In spite of the model formed from the linking of cartel and plutocratic models being similar to the electoralist model, there are some fundamental differences. The electoralist model emphasizes the consolidation of political financing from various sources, which mainly come from external political parties. In contrast, the plutocratic-cartel model places internal agents of political parties as nodes to consolidate political funding. Likewise, the electoralist model works above the interests of donors to obtain business protection (Kang, 2002; Johnston, 2005), the plutocratic-cartel model operates under the interests of political party cartels and their agents including business actors to maintain access to state resources to secure political financing sources.

III. CONCLUSION

The basic problem of the political financing studies is strongly influenced by the perspective of a single and plural source of financing in the context of the development society from feudal to modern. These studies also place their locus of analysis on the financing of electoral politics at the national level. Therefore, this study offers a perspective that goes beyond a singular-plural dichotomous point of view to empirically explain the consolidation and model of political financing in the context of a transitional society at the local democracy. Consolidation of political funding in the periphery of Indonesia such as NTT shows the state with all its resources and business actors as the most important sources of political financing. The political financing model formed from the consolidation of these sources is the plutocratic-cartel model. This finding confirms and strengthens the argument of this study that the stronger the dependence of local democracy on state resources, the stronger the consolidation of political financing in the form of a cartel-plutocratic linkages model.

This study, thus, contributes to filling the gap in the existing studies of political financing. These studies have not paid attention to the issue of consolidation and political financing models in the local democratic space in the context of a transitional society by using a perspective that is not limited to single and multiple sources of financing but their interrelationships. The model and consolidation of political financing are

accordingly found not to be limited to single or multiple sources but follow a pattern of political and economic dependence. Therefore, this study recommends that further research on political financing should be considered these factors in explaining the consolidation and model of political financing at local democracy.

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