

Black Market of Democracy: The Anomaly of Buying Political Party Recommendation Letters of Regional Leader Candidates in Indonesia

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Abstract

This article is arranged based on qualitative research results with a case study approach in one of the major political parties in Indonesia. This research found that the practice of recruiting regional leader candidates by political parties is not open and undemocratic. There are fraudulent actions and anomalies in the recruitment of regional leader candidates. The practice of buying and selling recommendation letters from the central party is real and occurs. Even though it is carried out secretly by some party elites, the perpetrators seem to be in a black market, as their existence is carried out tactically and cautiously. The selection of regional leader candidates conducted by political parties is followed by all groups, both from outside the party and cadres of the party itself. In reality it is those who have adequate political resources, especially from a financial perspective, who will get party approval.

Keywords: Democracy, Black market, Recommendation letters, Political parties

INTRODUCTION

Democratization and decentralization are two interconnected agreements that were devised with the collapse of the New Order regime in 1998 (Aspinall & Rohman, 2017). The main objective of decentralization is the creation of democratization through the succession of government leadership in the regions. Through regional leader elections (*The Regional Leader Election*), the circulation of government elites is expected to bring a healthy democratic climate in the regions. The urgency of *The Regional Leader Election* is essentially an instrument for realizing democratization and

strengthening local politics (Smith, 1985). The agreement on democratization and decentralization has also attracted the attention of scholars to research local democracy in Indonesia. Over the last two decades, there has been an increase in research on local democracy compared to previous years.

Cornelis Lay's study greatly criticized the development of local democracy in Indonesia. In his study, Lay showed the occurrence of paradoxes in the development of local politics in Indonesia. Local democracy on the one hand has created political liberalization, which is assumed to be a prerequisite for the realization of a democratic government. On the other hand, the development of local democracy seems to have ceased at the beginning, after which it failed. Lay provided various reasons

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behind this failure, with a symptom referred to as a broken linkage (Lay, 2012: 208).

Law No. 22 of 2007 states that regulations function as a means of opening the door to democratization at the local level in order to elect regional leaders and their representatives directly. These regulations do not mean that they are free from problems. Observers believe that direct local elections actually give rise to new problems that can threaten democratization itself. The most serious threat is the phenomenon of clientelistic political practices, such as the rampant buying and selling of votes to voters at the grassroots and the buying and selling of recommendation letters to political parties at the central level. Meanwhile, the provisions of Law No. 10 of 2016 are full of political clientelistic practices. This regulation contains a provision that the candidates for regional leaders who are promoted must obtain a recommendation letter from the Central Leadership Council (DPP) of a political party. As a result, candidates compete for letters of recommendation from the DPP of political parties. At the same time, the practice of buying and selling recommendation letters cannot be avoided because it follows the provision that candidates for regional leadership positions are brought and registered in regional leader elections both at the district/municipal and provincial levels, with the approval of the DPP of political parties.

This study uses three research models. First, it examines how democracy transforms regional elites and their interactions with the power structure of party elites at the central

level. Second, by extending the study of Indonesia's political transformation, this study investigates how democratization impacts local elections that are directly elected by the grassroots. Third, it strives to find out more deeply about the problems of local democracy in clientelistic practices related to buying and selling letters of recommendation for regional leader candidates. It is hoped that this empirical field mapping will answer the questions above. The research was conducted on one of the major political parties in Indonesia.

After observing the political structure at the district level in the Soeharto era and the reform era, the research continued using a case study approach by analyzing what the candidates had done in the contestation arena for regional leadership elections. There is an interesting microcosm of political dynamics. The breakdown of the centralized control mechanism has opened up a means for contestation for political contestants who are difficult to control in some areas. However, as has been much debated regarding national, provincial, and district politics, the powers best positioned to take advantage of this new openness are the political party elites at the central level (Berenschot, Capric, & Dhianc, 2021).

The massive practice of clientelistic politics in regional leader elections is also a concern in this study. Furthermore, the regional leader candidates conduct transactions with the central party elite to obtain a letter of recommendation as a regulatory provision in the regional leader election. This important event is like a black market that is difficult to track and reach by local government

implementing agencies such as KPUD and regional leader election supervisory agencies such as *Bawaslu* (the General Election Supervisory Agency) because it is carried out in secret by party elites. The acknowledgment of the Regent of Jember of East Java Province (2016-2021) strengthens the evidence that there has been a practice of buying and selling recommendation letters. Faida MMR intended to run again as a candidate for the Regent of Jember. However, a recommendation letter did not come from the central party because he refused to offer billions of rupiah. He even mentioned that to get a recommendation from the political party he had to pay billions of rupiah (FAJAR.CO.ID, 2020). The same case also happened to La Nyalla Mattalitti. He admitted that he had been asked for Rp 40 billion by a political party official. The money was allegedly a political dowry related to his candidacy for governor of East Java in the simultaneous regional head elections in June 2018 (TEMPO.CO, 2018). There is a practice of illicit transactions outside the mechanism for the recruitment of candidates for regional leaders who are selected by a body appointed by a political party. Several issues regarding this transaction have developed among the candidates for regional leaders. There is a real practice of buying and selling recommendation letters carried out by party elites. They usually call it *mahar politik* (a political dowry). Politicians are already very familiar with this term. *Mahar* is an Arabic term commonly used at Muslim weddings in Indonesia which means 'a gift based on a certain agreement' (Kafi, 2020: 56). In political transactions, a dowry is defined as giving

something according to an agreement that has been agreed upon between two parties, namely the candidate and the party elite.

The provision in the agreement refers to the practice of political transactions, for example, a regional leader candidate gives a sum of money to a party elite with an exorbitant amount of Rp1 billion (\$66,000) to Rp25 billion (\$1,650,000) in cash. Giving this amount has become a common tradition for candidates to obtain letters of recommendation. Candidates carry out transactional politics based on their respective regions. If the selected area has the potential for victory on a mass basis based on the results of electoral gains by certain political parties, the political dowry will certainly be more expensive. On the other hand, if the electoral votes are small, the amount of the political dowry is also small. In addition to the high and low number of potential wins, the amount of the political dowry is also determined by the short time for registration and the urgent need for candidates.

In particular, this research focuses on the study of clientelistic political practices in Indonesia by investigating a case of the practice of buying and selling recommendation letters from political parties at the central level to candidates in regional leader elections. Various data was collected to obtain comprehensive research results on how the practice of buying and selling recommendation letters is carried out by political parties in Indonesia. Some of the regulations that support the occurrence of this practice are legal studies taken as political studies in order to extend this study. Finally, the

question of reorganizing democracy, especially regarding the changing nature of elites and their integration in the post-reform power structure that was built, can be answered.

This finding shows that the power of the elite in the political structure at the central level is very decisive. Party elites force candidates to pay a certain amount of money in order to get letters of recommendation. In the end, with the difficult situation the candidates have to pay a particular amount of money to the party elite at the central level with or without their own money. In a broader sense, regional leader candidates can seek sponsorship from a party with capital and then offer various compensation in order to obtain a letter of recommendation from the supporting political party.

Democratization and Party Funding

The fall of Soeharto in 1998 paved the way for Indonesia to re-enter the era of re-democracy after some 32 years under the grip of the authoritarian New Order government. If Indonesia's historical record is reexamined, at least the development of democratization has had its ups and downs with all its dynamics and challenges. During the Old Order era, democratization developed rapidly, but at the same time there was a very sharp decline in democracy, especially during the Wilopo Cabinet (Benda, 2014: 449-456). The government system continued to run, and regime change continued. Finally, the optimistic view resurfaced in the reform era when there was a large-scale installation of various democratic institutions into the political system in Indonesia. The

reorganization of political institutions at both the national and local levels was accompanied by a new constitution which was dramatically amended in state institutions.

The collapse of the Soeharto government also led the Indonesian people to reorganize a political order from an authoritarian to a more democratic one. The power that had long been in the hands of one person was distributed to political parties, politicians, community business markets, and civil society at the local and national levels in an organized manner and then they became new political actors. Apart from the arguments regarding democratization in various countries in the Asian region, the shift in power from state actors to non-state actors requires a separate academic study based on the concept of good governance (Pratikno, 2005).

As a result of the rapid development of post-reform democratization, in Indonesia there was a large wave of political liberalization that was very difficult to contain, such as the release of most political prisoners at the beginning of the reformation, the proliferation of opposition groups to the government, freedom of the press, and the opening of a chance for autonomous working-class organizations, social groups, and others to voice their views and aspirations openly. Political scholars and observers realize that political liberalization can be carried out in various places, both in democratic and authoritarian governments. Nevertheless, political liberalization is an important step towards democratization. Although political liberalization is not the

only factor that can guarantee democratization to grow and develop well in a country, at least political liberalization is a prerequisite for a consolidated democracy. Therefore, the fall of Soeharto did not necessarily pave the way for democracy, but it still requires a serious and genuine struggle (Tonrquist, 1998; Linz & Stepan, 1998; Dhakidae, 1998).

In the end, the debate about political liberalization is a fact that cannot be closed by one's eyes that the change of the regime from the New Order to the Reform Order has given rise to the distribution of power that flows freely to political parties. Political parties are gaining leeway as an important instrument in today's electoral democracy. Electoral democracy has become a forum for people's aspirations to compete for control over political institutions. Moreover, the presence of political parties in the reform era, which began with the post-New Order multi-party system, has also changed the circulation of the political elite. Elite circulation has undergone a change from closed to open circulation. With the existence of political parties, political positions that were originally a kind of privilege for certain social groups have become accessible from and by all circles of society regardless of class and social stratification (Pamungkas, 2011: 4). The democratic mechanism encourages political parties to obtain positions through competition with other political parties first. The trend of acquiring political parties cannot be denied depending on how much funding the party has. Party funding is significant because of its important role. Political

parties then use their power to get as much funding as possible to finance and expand their parties.

In the current democratic political system, the need for political parties to obtain funds has also become unavoidable. This happens because the basis of the legitimacy of power is the support of the people as reflected by the election results. In order to succeed in winning popular votes, political parties need large amounts of funds for campaign costs (Clark, 2019). This is like a portrait of election contestation which is always colored by the need for large enough funds. So, all power holders want to raise funds. On the other hand, no fund owner can ignore power. This is where the relationship between political parties and money becomes inseparable. As organizations that seek power, political parties need money for their mission to succeed. Furthermore, when they are successful in holding power, political parties continue to accumulate money in order to continue to survive. In addition, funds are also needed in a democratic political system. Funds can be a tool to influence the political process by buying votes or influencing policy decisions. For example, interest groups can buy access to corridors of power or issue bribes directly to decision makers. Interest groups use money to manipulate politics to get the political interests they seek. Meanwhile, government parties use state resources to maintain their grip on power (Safitri, 2011: 2).

Political funding is important because political funding plays a significant role in a democratic system. It can help strengthen political parties and candidates, as well as provide

opportunities to compete on more equal terms. It is essential to have adequate access to funding without strings attached. Electoral systems and democracy can help citizens trust political parties and politicians. Political parties need not only campaign funds, but also operational funds to influence organizations before an election. This type of funding is also rather large, because in order to maintain people's trust, political parties must continue to maintain their existence through various activities. This makes politicians do anything to support their party. So, as is happening in Indonesia today, there are many corruption cases that entangle politicians in the legislative and executive circles, both at the national and regional levels. This makes us more aware to continue to organize political financing in the political funding system in Indonesia. Thus, the corruption cases not only show the low political moral standards of politicians, but also the formation of a political system that forces them to take money that is not their right.

In general, political activities involve the expenditure of funds which should be seen as a cost of democracy. Funds are one of the most important resources for political parties. Funds are the main protagonists of modern democracies. Funding plays an important role in the democratic process. In order to function properly, political parties need to maintain their party organization to employ members, sympathizers, cadres, and party officials to conduct election campaigns and for communication purposes with voters in general (Biezen, 2015: 11).

This study has found several sources of party funding in Indonesia, which consist of three sources of funding channels, namely funding from the government through APBN at the central level and APBD at the provincial/district/city level, the second source of funding from party member fees, and the third source of funding from legitimate donations from both internal and external parties that have been regulated based on the existing regulations. Two of the three existing channels, namely from the government and membership fees, are considered unable to meet the needs of very large parties. Both can only be used as office operational funds, for example, cleaning staff and administrative staff salaries, electricity usage payments, Internet payments, transportation payments for visits to regions, etc. The operational needs of the party are much larger in number. Because the number is very large, political parties usually take advantage of external party/private factors to obtain larger funds.

There are at least two schemes for party funding sources in Indonesia, namely funds originating from internal parties and funds originating from external parties. Internal party funds come from party membership dues, while external party funds come from outside the party such as from the government and the private sector. Funds from the government are in the form of political aid funds (*banpol*). Political aid funds have been regulated in Government Regulation No. 1 of 2018 concerning the Second Amendment to Government Regulation No. 5 of 2009 concerning Financial Assistance to

Political Parties. The amount of financial assistance to political parties at the central level that gain seats in the DPR is Rp1,000 (one thousand rupiah) per valid vote. The amount of this financial aid can be increased according to the state's financial capacity. Meanwhile, the amount of financial assistance to political parties at the provincial level that gain seats in the provincial people's assembly (DPRD) is Rp1,200 (one thousand and two hundred rupiah) per valid vote. For provincial governments whose budget allocations for financial assistance to political parties have exceeded Rp1,200 (one thousand and two hundred rupiah) per valid vote, the budget allocation for financial assistance to political parties for the following year is the same as the amount of financial assistance to political parties for the current fiscal year. The amount of the value of financial assistance to political parties at the district/city level that obtain seats in the district/city DPRD as referred to is Rp1,500 (one thousand five hundred rupiah) per valid vote.

For district/city governments whose budget allocations for financial assistance to political parties have exceeded Rp1,500 (one thousand five hundred rupiah) per valid vote, the budget allocation for financial assistance to political parties for the following year is the same as the amount of financial assistance to political

parties for the current fiscal year. The amount of the financial assistance as referred to in paragraph (1) can be increased according to the regional financial capacity after obtaining approval from the Minister of Home Affairs.

For example, after extracting information from party elites at the local level in Central Java Province, several cities/districts in Central Java have budget allocations for political party financial assistance exceeding Rp1,500 per vote, as in the city of Semarang, the budget allocation for party financial assistance was up to Rp3,000 per vote. This also occurs in Kendal Regency, Central Java. In Kendal Regency, the budget allocation for party financial assistance is Rp3,000 per vote. Mahsun, the Chairperson of the Semarang PKB-National Awakening Party DPC, said that every year the PKB gains in Semarang have amounted to Rp3,000, multiplied by the number of PKB votes in Semarang. The same thing was also said by Makmun, the Chairperson of the PKB DPC and Chairperson of the Kendal Regency DPRD from 2019-2024, that Kendal Regency now has an increase in *banpol* funds for political parties which was originally only Rp1,500 per vote. The following is the table for obtaining *banpol* funds from 1999-2019.

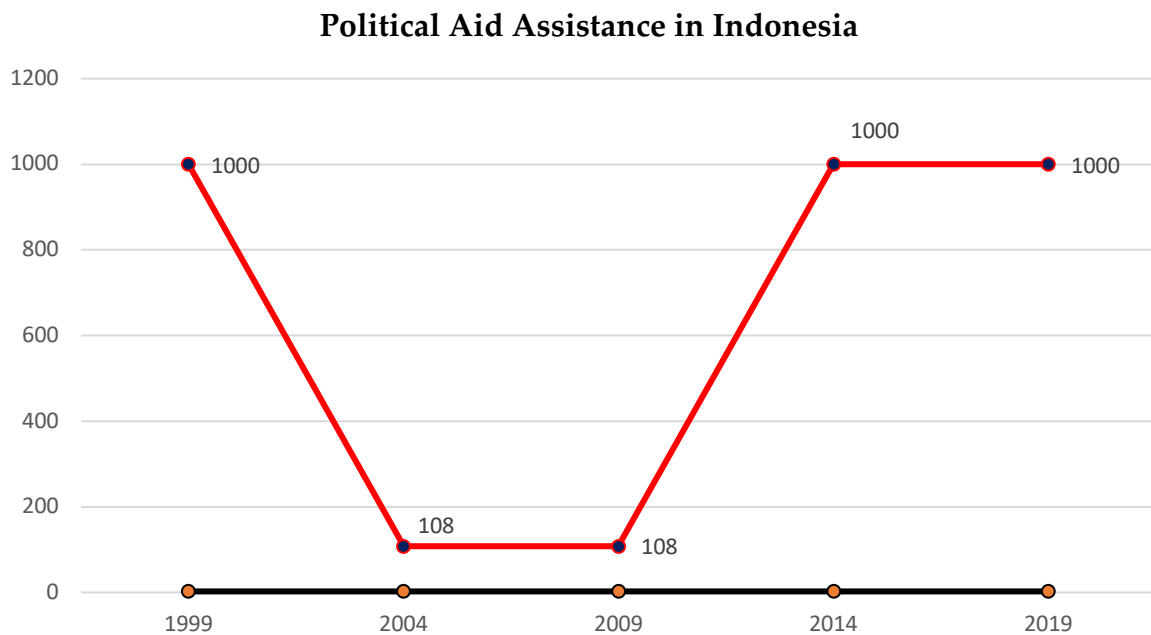


Figure 1: Central Party Political Aid Funding from 1999-2019

Political aid funds that have been regulated by government regulations as explained above, are considered insufficient for the party. Therefore, there is the potential for a report to be fabricated by the regional leader as an extension of the party that carries it. Several cases of manipulation of reports on political aid funds have occurred in several regions in Indonesia, such as in Central Java Province involving regional leaders such as in Jepara Regency. The case of manipulation of political aid funds in Jepara Regency is the practice of misuse of political aid funds carried out by the Treasurer of the Branch Leadership Council of PPP-*United Development Party* (DPC PPP) of the Jepara Regency on orders from the Chairperson of DPC PPP who had served as the Regent of Jepara Regency. Political aid funds were inflated to provide holiday allowances (THR) to Party Management (Bernie, 2018).

The practice of manipulating data for the purposes of political aid funds does not only affect PPP in Jepara Regency. In Probolinggo Regency, East Java, for example, the Probolinggo District *Partai Kebangkitan Bangsa* (DPC PKB) Branch Leadership Council was also reported to the Probolinggo Prosecutor's Office by an NGO in this district because it was considered to have misappropriated political aid funds (*banpol*) in 2019 (kompas.com, 2019). Political aid funds and legislative membership dues are formal funds that already have regulations and are very few in number. Political parties try to find several alternatives to cover the lack of funds sourced from formal funds. Parties usually raise private financing funds that are not known to the public. The way to do it is political parties usually place a member in the legislature in the Budget Agency (*Banggar*) or commission according to the interests and abilities of its members. The members of the

legislature prefer to be placed in commissions with large budgets. This is where members can play around with the budget. They call it floating budgeting, namely the funds are deposited by members of the legislature in certain ministries at the central level or in certain services at the regional, provincial, or district/municipal levels in the form of a budget. The nominal amount depends on the work that has been programmed. Marwan Jakfar, an elite member of the largest Islamic political party in Indonesia, said that:

“Political parties need large funds, so political parties will instruct their talented cadres to find sources of funding from various sectors. It is possible to go to certain ministry agencies or private sources using various methods, but it is impossible for parties to choose just any person/cadre to find sources of party funding.”
(Interview, 10-06-21)

Floating budgeting is a floating budget practice that has become an annual tradition to allocate budgets according to instructions from political parties for the benefit of legislative members. This tradition is almost evenly distributed in all regions in Indonesia, both at the central and regional levels. The nominal budget plotted at the district/city level is around 1-2 billion rupiah (\$67,000 - \$134,000), for the province it is around 4-5 billion rupiah (\$268,000 - \$335,000), and at the central level it is up to 10 billion rupiah (\$670,000). The total budget allocation is all in the form of work proposed by the ministry or service with the approval of legislative members in the form of work

programs, religious social assistance and education, as well as other assistance that has been approved between budget users and legislators who ratify it. However, 10-30 percent of the work budget ceiling – management fee – goes to members of the legislature or political parties.

This kind of practice is usually referred to by members of the legislature as an aspiration fund. In the program of each ministry or service, this term is not explicitly stated. The phrase aspiration fund is not in the draft budget submitted by the executive to the DPR/DPRD, but in the discussion between members, they call it the aspiration fund of members of the DPR. The amount of the DPR's aspiration fund depends on the amount of the budget that has been agreed upon between the budget manager and members of the legislature. However, not all of the revenue from these aspiration funds goes to political parties. Most of these funds go into the pockets of the legislators themselves as savings to be used as a legislative candidate for the next period which requires a large amount of funds. Surprisingly, this practice has been going on for a long time and has even become a tradition.

The DPR's aspiration funds take various forms, including the social assistance budget (*bansos*) and the physical and non-physical work budgets. Aspiration funds are in the form of physical assistance such as the construction or repair of roads, buildings, gutters, and the procurement of goods and services, while non-physical assistance is usually in the form of training, workshops, and others. This kind of a program is an opportunity for legislators to act by appointing a third

party, in this case a company, either a CV or a PT, to work on its programs. In the process, members of the legislature make a bargain to obtain a management fee. Usually they offer 10-30 percent; it can even be up to 50 percent depending on the program given.

Recruitment and Competition for Regional Leader Candidates

Democratization and decentralization are like two sides of a coin, both of which are attached to each other as the main goal of reform after the fall of the New Order government. The most basic thing in democratization is the role and participation of the community. Meanwhile, the basic aspect of decentralization is a shift in community participation in the democratization process which is centralized at the center, shifting to the regional level such as the election of governors, mayors, regents, and village leaders.

The implementation of post-New Order decentralization broadly opened the authority of public policies that were centralized towards policies that were concentrated on regional authorities. More public policies are left to their respective regions, such as the authority to make regional regulations and the authority to elect their own regional leaders without interference from the central government.

Therefore, the impact of decentralization has resulted in a different regional leader recruitment system from before. The dynamics of competition for regional leader candidates are colored by various political tactics and sensitive issues directed at the candidates. There are

various phenomena in the succession of regional leaders, starting from the campaign strategy for winning candidates, to the recruitment process for nominating candidates. At least, there are two recruitment models for regional leader candidates (Pamungkas, 2012), namely the candidate selection model (democracy) and the appointment model (authoritarian). The selection model is a model when all candidates for regional leaders are selected through the existing selection procedure without changing the list of candidate compositions. The second model uses a pure appointment model, namely candidates will only be appointed by party leaders without going through a selection process.

Another phenomenon in the succession of regional leaders is that most political parties try to get an early start from the schedule set by KPUD. Political parties in the regions offer several figures to the public individuals who are considered worthy of being proposed as party candidates. Then the party makes an internal survey as a standard for the party's footing to find out the public's response to the candidates. After knowing the superior candidate based on the survey results, the party also makes other instruments so as not to choose the wrong candidate such as the candidate's ideology; the candidate's financial ability, loyalty, and commitment to the party; and the possibility of building coalitions with other parties that already have their own candidates.

Various instruments are managed by the party by establishing a regional election desk in charge of opening a regional leader candidate exchange with the mechanism and stages of recruitment

according to the procedures set by the party at the center. Various obstacles are faced by parties because the requirements for carrying candidates must meet the provisions, so that many parties have to establish collective relations with other parties and form coalition parties. This constraint causes the party to be unable to immediately nominate a candidate who has been chosen by the party to be the number one person, but it is quite satisfied with placing the candidate as the number two person (deputy).

This happens because the party recruitment mechanism must be in accordance with the recruitment mechanism for regional leader candidates which has been regulated by Law No. 10 of 2016 concerning the Second Amendment to Law No. 1 of 2015 concerning the Stipulation of Law No. 1 of 2014 concerning the Election of Governors, Regents, and Mayors (Silfita, Humaizi, & Kadir, 2019). Article 40 stipulates that a political party or coalition of political parties may register a pair of candidates if they complete the requirements for obtaining at least 20% of the total number of parliamentary seats or 25% of the accumulated valid votes in the election of DPRD members in the regions concerned. Article 40A: Political parties that can register pairs of candidates as referred to in Article 40 are legitimate political parties in accordance with the provisions of the legislation. In the event of a dispute over the management of a political party as referred to in paragraph (1), the management of a political party at the central level that can register pairs of candidates is the management of a political party at the central level which

has obtained a decision of the party court or other designations and is registered and determined by a decision of the minister who administers the government affairs in the area of law and human rights.

Other provisions also regulate individual candidates. Article 41 regulates that individual candidates can register as candidates for governor and deputy governor if they meet the requirements for the support of the number of people who are entitled to vote and are included in the permanent voter list in the last election or previous election in the area concerned. Individual candidates may register as candidates for regent and candidates for deputy regent as well as candidates for mayor and candidates for deputy mayor if they meet the requirements for the support of the number of residents who are entitled to vote and are included in the permanent voter list in the area concerned in the previous year or the last previous election in the area concerned.

Based on Law No. 10 of 2016 concerning *The Regional Leader Election*, the minimum support for individuals participating in *The Regional Leader Election* ranges from 6.5 percent to 10 percent of the number of voters (last election from the permanent voters list). The details are 10 percent for a total of DPT 2 million, 8.5 percent for a total of DPT between 2 million-6 million, 7.5 percent for a total of DPT 6 million-12 million, and 6.5 percent for a total number of permanent voters on a list of more than 12 million. Therefore, to meet the minimum support, individual candidates have to work hard because they rely on their own modalities. This is

completely different from the candidates promoted by political parties.

Furthermore, the mechanism for nominating regional leader candidates is carried out by the regional KPU by referring to technical guidelines and instructions as stipulated in the Central KPU Decree No. 394 of 2020 concerning Technical Guidelines for the Registration, Research, and Amendment of Document Requirements, Establishment, and Selection of Serial Numbers of Candidate Pairs in the Election of Governor and Deputy Governor, Regent and Deputy Regent, and/or Mayor and Deputy Mayor.

Buying and Selling of Party Recommendation Letters

In Indonesia, there are no Political Science scholars who have specifically studied this issue. The practice of buying and selling recommendation letters is like the black market. Its existence is difficult to investigate because it is illegal, so it takes great effort to obtain in-depth data and information. At least, there are some scholars in Indonesia who have given clear signals about the illegal financing of parties. A study by Ambardi (2009) revealed the practice of cartel politics caused by the party system and interactions between political parties that occur in various arenas of political competition. The arena of competition in this case is not limited to the context of elections, but the matter of interactions between parties that has also occurred in the executive and legislative arenas in post-election competition. According to Ambardi, the survival of the party is not from government money that is specifically allocated to them, but from

the party's financial sources which they get by searching for government projects.

The term cartel was originally introduced by Kirchheimer (1961), namely parties that have colluded to become agents of the state and use state resources to ensure their own collective survival. To ensure the continuity of this collective organization, parties allocate substantial state support to themselves and regulate party activities through the state. In Katz and Mair's (1995) study, cartel parties combine from various parties to maintain their position of power. A cartel party is formed from a combination of the formation of a party-state cartel, namely parties that brake away from their social foundations and merge with the state, reducing political tasks, and placing more emphasis on professionally managed power using state management by professional politicians.

In the case of Indonesia, cartel politics began with competition between parties. Competition between parties based on ideology and party programs has occurred since the 1955 elections. Although competition between parties was halted due to the authoritarianism of the New Order, a similar competition then re-occurred in the 1999 election arena until the 2019 election. Competition between parties is an important agenda in democracy because it is able to create a mechanism for checks and balances horizontally. Apart from cartel politics, what is no less important is the issue of private finance. In their study, Ufen and Mietzner (2015) stated that the practice of financing party private finance in Indonesia also resembles the financing model for political parties in Southeast

Asian countries. In Southeast Asia, the regulations of political financing also have many problems. Although in some cases the regulations are strict, the supervisory structure is very weak. In other cases, the regulations are weak and the implementation is also weak.

In Malaysia, there is the term 'political business'. This political business highlights the sources of financing for political parties in presidential and parliamentary elections. There are several ways in which political parties in Malaysia obtain party funding sources, one of which is by establishing a business in corporate companies. This condition is reinforced by Reuter (2015) that political parties in Indonesia and in other parts of Southeast Asia also suffer the same fate, namely being highly dependent on the financial support of individuals or large conglomerates. Billionaires have long sponsored political parties to decide who to appoint as political leaders. Thus, these billionaires have adopted an oligarchic leadership style.

The oligarchy in question is an oligarchy as a society that displays a systematic relationship between political and economic power within the same individual or in small elite groups of individuals in a way that mutually reinforces one another openly. This oligarchy does not only affect politics, but also occurs in the judiciary, military, and other civil society. This shift of clandestine money politics to an open oligarchy has significant consequences for the survival of liberal democracy and has a dramatic impact on change in countries with abundant natural resources. Countries experiencing increasing conflicts of political and

economic power can be described as having considerable challenges to the existence of contemporary democracy.

Ideologically based parties, during their establishment in 1998 until now, do not have a business entity similar to the business sector to obtain party funding sources. However, these party elites mostly have certain business fields individually that are not related to the party. This study investigates one of the largest Islamic parties in Indonesia. Nearly half of the elected members of the DPR RI from this party have a background in the field of business. Although they possess a business background, the majority of the elected legislative members are dominated by cadres who come from community organizations (*ormas*) who have religious knowledge (Islam) from various Islamic boarding schools in Java.

Funding for this Islamic party mostly comes from internal parties, while from external parties, it is from collaborations with various ministries or private agencies. The funding results from the cooperation are not as much as the funding from internal parties which are often known as political dowries. The political dowries in this party reach trillions of rupiah, coming from regional leader candidates who have received letters of recommendation from the party as regional leader candidates. Each candidate deposits billions of rupiah in order to qualify and get a letter of recommendation as a candidate promoted by the party.

Ali Anshori, one of the party administrators at the central level in charge of selecting candidates for

regional leadership throughout Indonesia said:

“The money flowing to the center during the simultaneous The Regional Leader Election is incredible. The amount is trillions of rupiah in cash and nothing is transferred to party accounts. Usually, regional leader candidates bring money in Singapore dollars to make it more concise, because it is impossible in rupiah with cash, which amounts to billions of rupiah. Yes, certainly not all regional leader candidates buy party recommendation letters, but on average it can be ascertained that candidates who receive central party recommendations deposit money to get recommendation letters even though from party cadres themselves, the amount of money deposited by candidates will differ depending on which region and when the time is. Regions that have a mass base and have the potential to win in that area will have a greater political dowry than the regions that do not have the potential to win, or it could be greater in number because the time is short, for example, only one candidate has not been nominated. There is only one day left, and a party is needed there, so that’s where the negotiations are carried out with an incredible dowry amount” (Interview, 11-06-21).

The practice of buying and selling recommendation letters as explained by Mr. AA was also emphasized by Marwan Jakfar, who stated that the source of party funding from the sale and purchase of recommendation letters amounts to trillions of rupiah. However, not all

sources confirmed the practice of buying and selling recommendation letters for regional leader candidates. Most of them said that there was no practice of buying and selling recommendation letters in determining the candidates for regional leaders that are proposed. According to Soemarmo, the candidate for the regional head of Semarang Municipality, Central Java Province, in the 2015 mayoral election, he said:

The process of recruiting regional leaders is in accordance with the mechanism regulated by parties at the central level. (Interview, 17-03-21)

However, several interviewees stated that this practice is an important prerequisite for candidates for regional leaders who will run, as stated by Nasirul Mahasin, a candidate for regional head from the nationalist party of Rembang Regency, Central Java Province in 2005:

“because the administrators who are placed in the regional leader election desk will ask about their financial ability to win the election, especially the ability to pay witnesses, socialization at the grassroots, and money politics. (Interview, 10-03-21)

The buying and selling letters of recommendation is a fact that cannot be covered up. This practice is done every time an election is held. The debate about which candidate will be recommended by the central party is generally determined by the amount of financial capacity to pay for a letter of recommendation. There are also candidates who do not have to bother with buying and selling letters of recommendation. Usually they are

figures who already have a strong influence in the electoral district or those who have a biological relationship with the party elite. This kind of practice has been carried out by most of the political parties in Indonesia. However, each party has a way of determining who deserves a letter of recommendation from the party, so that a legitimate candidate promoted by the party has a chance to win in a contested election.

The practice of buying and selling recommendation letters arose starting with the mechanism for selecting regional leaders who were directly elected by the grassroots. However, this practice has been massively carried out by parties since the enactment of Law No. 10 of 2016 concerning the Second Amendment to Law No. 1 of 2015 concerning the Stipulation of Government Regulations in Lieu of Law No. 1 of 2014 concerning the Election of Governors, Regents, and Mayors to become a law (law on *The Regional Leader Election*). In this law, it explicitly contains provisions for a regional leader candidate to be proposed and the names of candidates registered in the regional elections, namely the district/city elections and the provincial elections are names approved by the DPP of the political parties.

Meanwhile, the pattern of buying and selling recommendation letters is instructive and structured according to the instructions given by the party at the center. The Central Executive Board (DPP) issues a circular to the Branch Management Boards (DPC) throughout Indonesia to propose candidates who according to the DPC are worthy of being proposed as regional leader candidates. Then, it is forwarded to the Regional

Management Board (DPW) for approval. Furthermore, it is submitted to the DPP to obtain a letter of recommendation as a candidate for regional leadership. If the DPC only has a single candidate, then the DPW may propose an alternative candidate that is considered more feasible than the candidate proposed by the DPC, or if from the DPC/DPW there is only a single candidate, then the DPP has the right to nominate another candidate based on the criteria selected by the DPP in accordance with the provisions.

The DPP makes an election desk by appointing a 5-person selection committee consisting of one chairperson, two deputy chairpersons, one secretary, and one treasurer. The Regional Leader Election desk has the authority to select the candidates proposed by the DPC-DPW. Each candidate is tested by the Regional Leader Election desk with various questions about their readiness to win the Regional Leader Election. In the regional leader candidate test, the regional leader election team asks questions related to what the campaign strategy is, how many votes are targeted, the willingness to pay witnesses, whether consultants will be used or not, and so on. The most decisive is how much money the candidate will set aside to be victorious. From the candidate's explanation, not all of them will be assessed according to the answers given to the election desk. The Regional Leader Election desk team will examine the track record of a candidate related to the electability of the candidate, how the team is formed, and the most influential is financial ability.

It is from behind the scenes that the practice of buying and selling occurs, namely the Regional Leader Election desk team makes transactions with candidates. Usually, a candidate already knows what he/she has to do. Candidates with limited financial backgrounds have the potential to be offered money by investors in order to obtain a letter of

recommendation from the DPP. However, if the candidate has an entrepreneur background with sufficient financial ability, it is very likely that the transaction money will be given directly without involving a second person. The following is the flowchart of the process of buying and selling letters of recommendation.

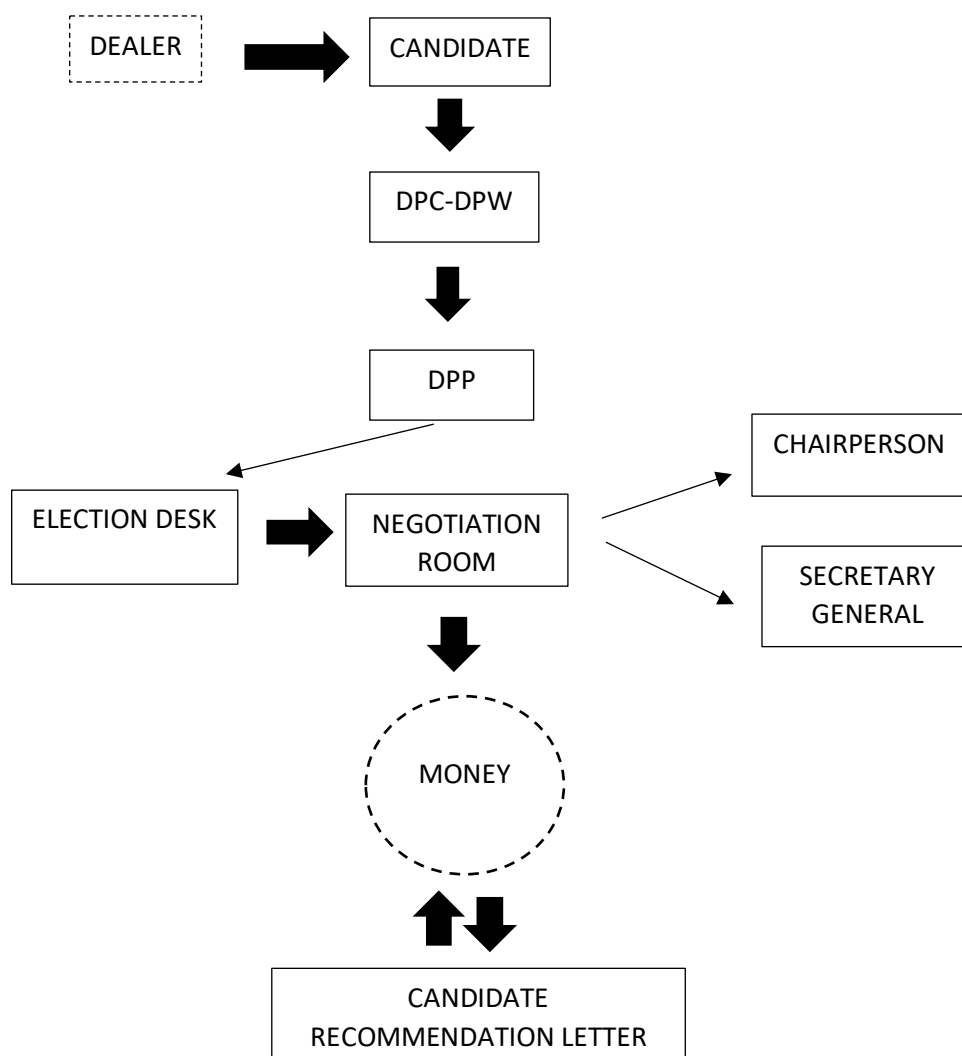


Figure 2: Flowchart of the Buying and Selling of Party Recommendation Letters

As illustrated in the graph above, there are many shady areas that the public and law enforcement agencies cannot see with the naked eye. For example, the General Election

Commission (KPU) and the Election Supervisory Body (Bawaslu) can only examine and audit campaign funds. Outside of party campaign funds, the KPU and Bawaslu do not have the

authority to examine or impose sanctions on political parties that raise funds that violate the law. This was emphasized by Hasyim As'ari (member of the Indonesian KPU for the period of 2017-2022):

“The KPU’s authority regarding political party funds is only limited to campaign funds. Meanwhile, political aid funds and other sources of funding are not under the authority of the KPU. Therefore, the regulation is in two places, namely the Election Law and the The Regional Leader Election Law. In the Election Law, the categories of participants are political parties. Now, campaign funds from political parties can come from candidates and political party funds themselves. Only the source of the funds comes from that which is not the KPU’s authority. What is handled by the KPU is where the campaign finance reports come from and in what amount. If it originates from a political party, there is no stipulation on the amount. The limit is that it comes from contributions from other parties, for example from companies, groups of people, trade associations, farmers, etc. All of these have limitations, and all of them must be reported by the KPU periodically. There are at least three types, namely initial campaign finance reports, campaign fund donation reports, and campaign finance final reports. Now, the final fund report, which usually comes from where and what the expenditure is used for, is under the authority of the KPU. Then from the KPU, it is submitted to the KAP

(Public Accounting Office), as the law instructs it to audit campaign funds and submit it to the KPU again within a specified period of time. Regarding the critical record of the election from the KPU so far, candidates are required to report their assets. Sometimes assets with campaign funds are greater than campaign funds. Well, that’s what needs to be investigated from various studies or studies on the sources of election campaign funds” (Interview, 15-06-21).

The statement by Hasyim was also supported by Abhan (the Head of the General Election Supervisory Agency of the Republic of Indonesia of the period from 2017—2022) as follows:

“Regarding political party funds, the Bawaslu institution does not have the authority to examine and audit party funds. Bawaslu is only authorized by law during the election stage and the regional leader election stage. Bawaslu has the authority to oversee campaign finance reports, limited to campaign funds, during campaign funding until the end of the election. They will see whether there are funds that come from sources prohibited by law, for example donations from foreigners, BUMN, or donations outside the provisions of the law. If there are findings, Bawaslu will recommend to the KPU that there are violations” (Interview, 16-06-21).

Hasyim and Abhan's explanation strengthens the argument that the KPU and Bawaslu have limited powers. These two institutions are only able to reach

funding for political parties as mandated by law, namely campaign funds. Meanwhile, funds outside of campaign funds are not included in its authority. The interesting aspect from Hasyim's explanation is that the critical record in the regional elections related to the reported amount of the candidate's assets is not proportional to the amount of campaign funds that have been spent by the candidate.

As Figure 2 shows, the flow of party funding sources that are illegal in nature through the sale and purchase of recommendation letters for regional leader candidates, apparently involves the role of outsiders who in this study are referred to as The Regional Leader Election dealers. The role of dealers in the Regional Leader Election related to increasing candidate campaign financing shows that there are external factors that come into play in the Regional Leader Election with certain post-election compensation. A study by Aspinall and Berenschot (2019: 299-300) on mafia coalitions in the Regional Leader Election explains the informal and clientelistic exchanges between politicians and businesspeople in the regions. Politicians pay campaign funders by adopting public policies that benefit them. More often than not, politicians help the businesspeople who support them by manipulating or circumventing the existing regulations on their behalf.

Another study about the political mafia was reinforced by Tans (2012). Tans described the highly personal and long-lasting informal ties between politicians and businesspeople, such as those based on family ties or cronies that have a long and relatively exclusive history, which

seek to maximize the extraction of natural resources for the benefit of a closed elite group, friends, or family (Aspinall & Berenschot, 2019: 300).

CONCLUSION

The great wave of political liberalization is an important step towards democratization. Although political liberalization is not a factor that can guarantee democratization to grow and develop well in a country, at least political liberalization is a prerequisite for a consolidated democracy. Political liberalization is a logical consequence after the regime change from the New Order to the Reform Order. It has given birth to the distribution of power that flows profusely into political parties, so that political parties gain flexibility as an important instrument in electoral democracy that transforms the interactions of regional elites with the power structure of party elites at the central level in regional leader elections.

The strong flow of post-reform democratization has pushed the pace of community participation to determine the direction of local government policies and leadership in the regions. However, in reality the process of electing regional leaders who are directly elected by the grassroots has an impact on the pragmatic behavior beyond the goal of democratization itself. On the one hand, democracy in regional leader elections is a momentum to strengthen democratic consolidation at the grassroots level, but on the other hand, direct regional leader elections create new problems, namely the massive practice of unhealthy clientelistic politics.

The real problem with local democracy in clientelistic practices is the practice of buying and selling recommendation letters for regional leader candidates. Its existence is difficult to reach and supervise by law enforcement. Democracy is like being on the black market, carried out full of gossip and tactics. The practice of buying and selling recommendations has shown that the power of the elite in the political structure at the central level is very decisive. This practice is reinforced by the issuance of Regulation No. 10 of 2016 that every candidate promoted by a political party must obtain party approval at the central level. The establishment of this regulation opens up the opportunity for party elites to force candidates to give a certain amount of money in order to get letters of recommendation.

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