

POLITICS

## The money trail

*A CAMPAIGN FINANCE SCANDAL FROM THE 2004 ELECTIONS IS HITTING THE HEADLINES.*

*THE SCANDAL THREATENS THE PRESIDENT'S CLEAN IMAGE.*

*ALL THE 2004 PRESIDENTIAL CANDIDATES ARE IMPLICATED IN THE SCANDAL.*

*AMIEN RAIS, A 2004 PRESIDENTIAL CANDIDATE, HAS ADMITTED RECEIPT OF STATE FUNDS FOR HIS CAMPAIGN.*

*RAIS HAS LABELED THE OTHER CANDIDATES' DENIALS AS LIES.*

*PRESIDENT YUDHOYONO THREATENED TO SUE RAIS FOR DEFAMATION.*

*RAIS AND YUDHOYONO SOON BURIED THEIR DIFFERENCES.*

**W**hat started off as a corruption trial against a political lightweight from a dark corner of the bureaucracy has in recent weeks developed into something of a time-bomb for President Yudhoyono.

The case involves Rokhmin Dahuri, the former minister of maritime affairs and fisheries who served under the Megawati administration from 2001 to 2004. He is currently standing trial for paying out public money to a wide range of political interests in the run-up to the 2004 elections. So far, Dahuri has implicated practically every political party and all of the presidential candidates from 2004, including the winner.

With the fallout from the trial threatening Yudhoyono's carefully cultivated image as a clean president, the *Report* analyses the ramifications of the unfolding scandal. What do the allegations say about the president's honesty and what do they reveal about his hold on political power? Will this case have any long-term effects on the way election campaigns are financed in the future?

### The accusations fly

Although almost all of Indonesia's political parties were on Dahuri's list of recipients, most of the attention has focused on the presidential candidates. Members of the campaign teams for all of the 2004 hopefuls—Megawati, Wiranto, Yudhoyono, Amien Rais and Hamzah Haz—were recorded by Dahuri as having lobbied for and received the funds.

But in some ways the politicking around the payouts is proving more interesting than the scandal itself. When one of the 2004 candidates, the outspoken former leader of PAN Amien Rais, acknowledged receiving the money, he became something of a poster boy for the issue. Having been sidelined from national politics since his 2004 defeat, the politically ambitious Rais seemed to be enjoying his return to the media spotlight.

Unlike Rais, the other presidential candidates had all denied receiving any campaign funds from the ministry—something Rais told an eager press was a lie. He also added an extra charge, that a payment of US\$50 million had been made from the US administration to the campaign of a “certain candidate.”

Although Rais did not specifically name President Yudhoyono's campaign team as the recipient of the US\$50 million, the president understood the allegations to be aimed at him and held a press conference to respond. Calling the accusations slanderous and threatening to sue Rais for defamation, the president's volley was the start of a short but very public falling out between the two leaders.

What followed was a widely reported 12-minute meeting between the president and Amien Rais at an airport where, according to Rais, they asked each other for forgiveness. The issue seemed closed, and in typical Indonesian fashion the case against Dahuri continued while Rais was not investigated, despite being the only candidate to have openly admitted guilt in the affair.

Which begs the question: is there any truth to the allegations?

### 'Fishy' explanations follow

During the 2004 polls, each pair of presidential candidates had official campaign teams registered at the Election Supervisory Commission (KPU). However, it has been difficult to trace the money trail from the fisheries ministry to the candidates' war rooms because there were also numerous unofficial teams and centres that campaigned for them.

Interviewed on Metro TV's *Today's Dialogue*, the former heads of the official Megawati and Yudhoyono teams claimed that it was these informal groups that received the ministry's money and said they could not be held responsible. However, an insider from the Yudhoyono campaign team told the *Report* a different story. He claimed one individual named in connection with receiving the funds was connected with the SBY campaign, although the other was not. Indeed, it came out in Dahuri's trial that some of the individuals received money in the name of more than one candidate. In other words, there is evidence that such practices happen, but proving that the candidates had knowledge of the illegal funding is a more difficult matter.

The other allegation of US\$50 million in funding from the United States is based on KPU documents from 2004. The then head of the KPU's campaign finance section, Mulyana, has claimed the American money was disbursed through non-governmental organisations engaged in election monitoring. But because Mulyana is currently in prison on corruption charges, it is fair to say that he has an axe to grind against the current administration. At one point, Rais also claimed to hold documents about these funds, but he has so far failed to produce them despite publicly threatening to do so.

### The vultures circle

While there is no hard evidence against the 2004 presidential candidates about any of the allegations, it is clear that the focus on President Yudhoyono's integrity is at least partly motivated by political considerations. We know this because just after the 2004 elections, evidence about campaign finance irregularities surfaced from both anti-corruption NGOs and a government election watchdog. However, at the time there was no follow-up, no demands from political elites for further investigations and the issue sank without a trace.

What some politicians wished to forget immediately after the elections has suddenly become something of a *cause celebre*. With Yudhoyono still the candidate to beat in the 2009 presidential elections, his political rivals are now taking full advantage of the situation.

Some of these detractors in the House of Representatives (DPR) were even considering impeaching the president over the affair, recalling the way that former president Abdurrahman Wahid was forced from office in 2000 over a minor corruption scandal.

Yudhoyono's situation today is far different from Wahid's in 2000 and it is

*IT IS DIFFICULT TO REGULATE UNOFFICIAL CAMPAIGN TEAMS.*

*THERE IS EVIDENCE THAT CAMPAIGNERS RECEIVED ILLEGAL FUNDS...*

*...BUT THERE IS NO WAY TO CONNECT THOSE CAMPAIGNERS TO THE CANDIDATES.*

*THERE IS NO EVIDENCE FOR THE ALLEGATION OF US FUNDING.*

*THE ALLEGATIONS AGAINST YUDHOYONO ARE POLITICALLY MOTIVATED.*

*THERE WAS NO FOLLOW-UP TO EVIDENCE OF CAMPAIGN FINANCE IRREGULARITIES IN 2004.*

*THERE HAS BEEN TALK OF IMPEACHING THE PRESIDENT.*

*THIS IS HIGHLY UNLIKELY TO HAPPEN.*

*THE PRESIDENT'S RELATIONSHIP WITH LEGISLATORS IS FAR FROM HARMONIOUS.*

*LEGISLATORS ARE IRKED AT THE PRESIDENT'S REFUSAL TO EXPLAIN THE GOVERNMENT'S SUPPORT OF SANCTIONS AGAINST IRAN.*

*THE PRESIDENT'S POLITICAL RIVALS ARE EXPLOITING THE SCANDAL FOR THEIR OWN PURPOSES.*

*THE SCANDAL IS LIKELY TO DIMINISH SINCE MANY POLITICIANS ARE VULNERABLE TO THE SAME ACCUSATIONS.*

highly unlikely that something similar will happen to him. Even though his popularity has dipped from the honeymoon highs of 2005, his continued support from the electorate is an important factor. He also has more support in the DPR than Wahid did and there is a sense that the costs of an impeachment would be too high. Finally, Yudhoyono is a shrewder political operator than Wahid was, and knows how to keep important political allies on board.

However, Yudhoyono's relationship with the DPR is far from harmonious. The grumbles from some political parties following the recent cabinet reshuffle are one indicator of this. Another is their muscle-flexing over the government's position on Iran at the United Nations.

When the government supported the UN resolution calling for sanctions against Iran in March, those opposing the move in the DPR called for the president to explain the reasons behind the decision. Using the formal interpellation procedure, this was a move designed to publicly embarrass Yudhoyono. It was expected that some DPR members would take the opportunity to directly accuse the president of siding with the US against Iran.

The president has so far refused to attend the House session in person, instead empowering a government minister to represent him, as is his prerogative. But while the DPR has in the past accepted government ministers as stand-ins, this time they are insisting that the president must attend.

The standoff is now becoming acrimonious and seems to have turned into a battle of authority between the DPR and the president. One Golkar legislator, Yuddy Chrisnandi, told a recent press briefing that the president's refusal to attend "strengthens suspicions that the president does not have any self-confidence to the extent that he is not courageous enough to have a direct dialogue with the House."

All the discord indicates that moves are afoot from several different quarters to undermine Yudhoyono. The usual *modus operandi* of political rivals is to locate and exploit their opponents' perceived vulnerabilities. One of Yudhoyono's is considered to be a close relationship to the US, another is the allegations surrounding the funding of his 2004 campaign. It is partly for this reason that Dahuri's corruption trial has become such a big issue.

### A deeper impact

The scandal has certainly caused some wobbles for Yudhoyono. Publicly threatening Rais with a lawsuit before being specifically named by him was seen by many media pundits as a political blunder. But Yudhoyono does not face a serious threat. His rivals can not gain further political capital from the issue because they are in the very same position of vulnerability.

A book published by Indonesian Corruption Watch in 2006 found that Golkar and PDI-P in particular manipulated the identity of some of their campaign donors and claimed that 30 percent of presidential candidates' funds came from "unclear sources." An August 2004 report by the

Indonesian Association of Accountants also stated that only 12 of the 24 parties taking part in that year's legislative polls bothered to submit a financial report to the KPU.

There are numerous loopholes in the existing laws on campaign finance. But the problem with reform is that it depends on the very people who benefit from them—the elected politicians. In this regard, Indonesia is not the only country that faces significant hurdles. During the past few weeks, the reform of the famously weak campaign finance laws in the US has stumbled as members of Congress fight to water down new legislation.

Some of the main revisions in the Indonesian election law currently being debated in the DPR are that funding limits be raised and public accountants be given more time to audit candidates' financial reports. Sentencing guidelines are also given for those found to have broken the law (see Box One).

*REFORMING CAMPAIGN FINANCE LAWS IS AN INTRACTABLE PROBLEM WORLDWIDE.*

*REVISIONS TO INDONESIA'S LAW ARE CURRENTLY BEING DEBATED IN THE DPR.*

### **Box One: Suggested Changes to Campaign Finance Regulations**

#### **Existing Regulations (Law 23/2003)**

- Donations cannot exceed Rp 100 million from individuals and Rp 750 million from private bodies or institutions.
- Candidates who receive illegal funds must report them to the KPU 14 days after the campaign ends and surrender the money to the state.
- Public accountants must complete the auditing of the candidates' financial report within 15 days after receipt of the information from the KPU.
- The KPU must publicise each candidate's financial report within three days of the public accountant audit.
- Candidates that have broken the law will face legal action and have their nominations cancelled. (No sentencing guidelines)
- Donors who break the law will face legal action. (No sentencing guidelines)

#### **Suggested Reforms Currently Before the DPR**

- Donations cannot exceed Rp 1 billion from individuals and Rp 5 billion from private bodies or institutions.
- Candidates that receive illegal funds must surrender the money to the state on the day they were received.
- Public accountants must complete the auditing of the candidates' financial report within 30 days after receipt of the information from the KPU.
- The KPU must publicise each candidate's financial report within ten days of the public accountant audit.
- Candidates that have broken the law will have their nominations cancelled and face legal action. If found guilty they will face a one to six year sentence.
- Donors who break the law will face legal action. If found guilty they will face six months to three years sentence.

*THE QUALITY OF CAMPAIGN FINANCE AUDITS NEEDS TO BE DEALT WITH.*

*FOLLOW-UP BY THE ELECTION SUPERVISORY COMMISSION ON IRREGULARITIES IS ALSO WEAK.*

*THE LAW ON CAMPAIGN FINANCE HAS TO DEAL WITH MANY COMPLEX PROBLEMS.*

*REFORMING CAMPAIGN FINANCE NEEDS COURAGEOUS POLITICIANS.*

But much more needs to be done to make campaign finance more transparent. Asked about the proposed revisions, one member of the 2004 Election Supervisory Committee (Panwaslu) told *Koran Tempo* on May 30 that donor contributions to campaigns should be published. But such reports are already accessible on the KPU website by law. The problem is not with the accessibility of the audits, it is that the audits are incomplete and there is no follow-up to suspected contraventions.

This was confirmed by a soul-searching meeting on May 29 between the KPU and the public auditors it used for the 2004 presidential campaigns. All of the 2004 election audits ended up carrying disclaimers that no opinion could be formed from them, making them effectively worthless. Another weakness in the current regulations is that the KPU does not have powers to bring prosecutions against those disobeying election rules. This meant that in 2004 when Panwaslu found evidence of fictive donors and reported them to the KPU, they were never followed up.

Complex problems such as how to ensure a higher degree of responsibility for supporters who are not part of official campaign teams must also be dealt with. Working out which body will hold campaigners accountable and through what process any funding contraventions will be pursued will also be crucial. To be sure, some of these issues can be regulated by presidential or ministerial decrees but these must be built upon a solid legal foundation.

As evidenced worldwide, it takes an unusually bold set of politicians to reform the way campaigns are financed. The problem in Indonesia is that retaining the status quo in campaign finance may be one thing that both the president and the legislature can agree on. But with the revisions of the election laws not expected to be passed before the end of the year, there is still much to play for.□