

# **Political Parties in Asia**



**Political Parties in Asia  
Promoting Reform and Combating  
Corruption in Eight Countries**

Edited by Peter M. Manikas  
Laura L. Thornton

National Democratic Institute  
for International Affairs

Library of Congress Cataloging-in-Publication Data

Political parties in Asia: promoting reform and combating corruption in eight countries  
/ edited by Peter M. Manikas and Laura L. Thornton.

p. cm.

ISBN 1-880134-32-2 (pbk. : alk. paper)

1. Political parties--Asia. 2. Political corruption--Asia. I.  
Manikas, Peter, 1946-. II. Thornton, Laura L. (Laura Lenore), 1970-.

JQ39 .P647 2002

324.2'095--dc21

2002006761

© 2003 by National Democratic Institute for International Affairs. All rights reserved.  
Portions of this work may be reproduced and/or translated for  
noncommercial purposes provided NDI is acknowledged as the source of  
the material and is sent copies of any translation.  
Printed in the United States of America

**The National Democratic Institute for International Affairs (NDI)** is a non-profit organization working to strengthen and expand democracy worldwide. Calling on a global network of volunteer experts, NDI provides practical assistance to civic and political leaders advancing democratic values, practices, and institutions. NDI works with democrats in every region of the world to build political and civic organizations, safeguard elections, and promote citizen participation, openness, and accountability in government.

Kenneth D. Wollack, President

Peter Manikas, Director of Asia Programs

Laura L. Thornton, Senior Program Manager, Asia Regional Political Party Program

Fifth Floor

2030 M. Street, NW

Washington, DC 20036-3306

Telephone: 202- 728-5500

Fax: 202-728-5520

Website: [www.ndi.org](http://www.ndi.org)

**The Council of Asian Liberals & Democrats (CALD)** was inaugurated in Bangkok in 1993, with Thailand's Prime Minister Chuan Leekpai and South Korea's Dr. Kim Dae Jung. CALD is the only regional alliance of liberal and democratic parties in Asia and offers a unique platform for dialogue and cooperation. The chair parties of CALD since its inception are the Democrat Party of Thailand (1993-95/ 2002-2004), Democratic Progressive Party of Taiwan (1995-1997), Liberal Party of the Philippines (1997-1999), Liberal Party of Sri Lanka (1999-2000) and Sam Rainsy Party of Cambodia (2000-2002). The other members of CALD are the Parti Gerakan Rakyat Malaysia, Singapore Democratic Party and National Council of the Union of Burma.

M.R. Sukhumbhand Paribatra, MP, Chair

Alongkorn Ponlaboot, MP, Secretary-General

John Joseph S. Coronel, Executive Director

7-B Amorsolo Street, San Lorenzo Village

Makati Cty 1223

Philippines

Telephone: (63 2) 8113151

Fax. (632) 8101431

Email: [info@cald.org](mailto:info@cald.org)

Website: [www.cald.org](http://www.cald.org)

## TABLE of CONTENTS

I.	<b>Foreword</b> .....	1-2
	Corazon C. Aquino	
II.	<b>Preface and Acknowledgements</b> .....	3-4
	Kenneth Wollack and Peter M. Manikas	
III.	<b>Introduction</b> .....	5-40
	Laura L. Thornton	
IV.	<b>Cambodia</b> .....	41-74
	David Kovick and Laura L. Thornton	
V.	<b>Indonesia</b> .....	75-138
	Peter M. Manikas and Dawn Emling	
VI.	<b>Malaysia</b> .....	139-182
	Laura L. Thornton	
VII.	<b>Nepal</b> .....	183-216
	Mark Wallem and Ram Guragain	
VIII.	<b>Philippines</b> .....	217-262
	Celito Arlegue and John Joseph S. Coronel	
IX.	<b>South Korea</b> .....	263-316
	Laura L. Thornton and David Kovick	
X.	<b>Taiwan</b> .....	317-370
	David Kovick	
XI.	<b>Thailand</b> .....	371-426
	Laura L. Thornton	
XII.	<b>Contributors</b> .....	427-428

## FOREWORD

Every political party that aspires to be in power publicly ascribes to the broad principles of democracy, transparency and accountability. They hit the campaign trail preaching integrity and good governance, promising an end to corruption and the introduction of an era of new politics based on morality and a strict code of ethics. Yet, with every new political party that comes to power, little seems to change in the political culture.

Corruption has been the bane of political reformers. Even the most ardent campaigns to stamp it out by a ruling party have invariably failed.

The search for a winning formula against corruption begins, of course, in the home and in the schools, where the values of society are planted and nurtured. But it also depends a lot on political parties, which are the training grounds of political leaders. It is in the political party where the ideologies and values of young leaders are shaped as they sit at the feet of the political titans and imbibe from the well of their wisdom and experience.

Not many national leaders are catapulted to the presidency from outside the party system, like myself. But even then I had some early lessons from a master politician, my late husband Ninoy Aquino, who was himself a product of the Liberal Party of the Philippines.

Indeed, it is in political parties where the future of the country is shaped.

Which is why this study conducted by the Council of Asian Liberals and Democrats and the National Democratic Institute for International Affairs of anti corruption practices of political parties in eight nations in East and Southeast Asia is most significant.

Launching a region-wide study on Political Party Strategies to Combat Corruption, CALD and NDI embarked on a ground-breaking dialogue with political parties in the region to find out what measures political parties have implemented “to promote internal accountability and transparency and to reduce opportunities for corruption from within.”

Political parties must constantly reform and reform themselves, if they are to remain relevant during times of swift and profound political change. During the spontaneous People Power phenomenon in the Philippines in 1986 and then again in 2001, leaders of civil society played a crucial role in the mass movements that unseated two presidents.

With the maturing of civil society, political parties must find a way to work with them in reforming our political system. And together, they must try to eradicate corruption.

CORAZON C. AQUINO



## PREFACE and ACKNOWLEDGEMENTS

Kenneth Wollack and Peter M. Manikas

There is widespread recognition by political party leaders throughout the world that public confidence in political parties is waning. Asia is no exception. Political leaders in Asia, as elsewhere, must enhance public confidence in parties as vehicles for solving their nations' most pressing problems. At the same time, parties face an array of challenges to their ability to perform their key functions. Parties are also threatened by the influence of money, which can affect key aspects of the parties' operations, such as selecting leaders and candidates and establishing legislative priorities. The corrupting influence of money is particularly evident in the electoral process where vote buying and patronage are key aspects of the political system.

It is the problem of money in the political process, and how corruption affects political parties, that have inspired this study. Political parties have largely been left out of the growing discourse on controlling the influence of money in politics. Yet it will be political parties, acting through the legislative process, citizens must ultimately rely on to design anti-corruption measures and oversee their enforcement.

This book has grown out of research conducted for a conference held in Bangkok in January 2002. That conference brought together 28 political parties from eight Asian countries to discuss strategies for combating corruption in the political process. The conference was based on the underlying premise, repeatedly confirmed by the participants, that corruption poses a threat to democratic development.

This book includes chapters on essentially two types of regimes. While most of the countries discussed here are widely considered to be democratic, Cambodia and Malaysia fall into a different category in which some institutional forms of democracy exist, but political space is restricted and a ruling elite dominate the system. When political competition is absent or greatly attenuated and there are no institutions, such as a free media or independent judiciary that can provide a check on the misuse of power, the customary remedies for corruption are unavailable. The categorization of regimes is not always an easy task. In Nepal, for instance, the nation's parliament has been dissolved and it is currently ruled by a King and his unelected cabinet. Nevertheless, we view Nepal's democracy as interrupted, not entirely derailed. Subsequent events will prove us right or wrong.

This study is a tribute to democratic activists – including many practical politicians in Asia who are struggling to reform and modernize their parties. The countries and the parties discussed here are diverse and the challenges that they face often differ. Nevertheless, there are a few common themes that emerge in the chapters that follow. First, greater political competition favors reform. It is because they have suffered defeat, for example, that former ruling parties such as Golkar in Indonesia and the Kuomintang (KMT) in Taiwan are now taking reform more seriously. Second, simply the adoption of new laws and regulations are not the answer, at least not the entire answer, to combating political party corruption. Witness the Taiwanese parties, which have taken the greatest internal measures to increase transparency in the party decision-making and which operate in the environment in which few externally inspired regulations restrain their operations. Without education and enforcement, new laws and regulations become meaningless.

We would like to thank all those who helped in the research process, in particular, Chanththa Muth and So Serey Yuth in Cambodia, Supannikar Thewtanom in Thailand, and NDI staff persons in Nepal and Indonesia. Many also helped edit chapters of this report, and our gratitude goes to Eric Bjornlund, Jim Dau, Andrew Ellis, Dawn Emling, Jennifer Ganem, Terry Hoverter, Blair King, Brooke Okland, Kourtney Pompei, Rana Siu, and Tibor Vidos. NDI would also like to extend thanks to John Joseph Coronel, Executive Director of CALD. Finally, this research would not have been possible without the cooperation, time commitment, and ongoing assistance from the political parties and activists in the eight Asian countries included in the study.

NDI gratefully acknowledges the support of the National Endowment for Democracy (NED), which provided funding for the research and publication of this book, as well as for conferences and other program initiatives in Asia focused on promoting public integrity in the political process.

Kenneth Wollack  
President, NDI

Peter M. Manikas  
Senior Associate and  
Director of Asia Programs, NDI

# INTRODUCTION

## BACKGROUND

Political corruption is a global problem, posing a threat to economic growth, democracy, and political stability in wealthy and poor countries alike. Developing countries and those undergoing a transition from authoritarian rule to democracy, however, are particularly at risk. In Asia, where some countries are still recovering from the economic crisis, political corruption has had a devastating impact on the public's confidence in political and economic institutions.

During the past few years, corruption scandals have shaken several Asian countries at the highest levels, helping to topple and destabilize governments. In the Philippines, President Joseph Estrada was recently forced from office following allegations of corruption. The Pakistani military justified its 1999 *coup d'état* on the grounds of rampant corruption within the civilian government. In Indonesia, corruption allegations led to the downfall of President Suharto and later, President Abdurrahman Wahid. Many of the results in the last parliamentary elections in Thailand were nullified due to widespread electoral fraud and vote buying, and the Thai Prime Minister Thaksin Shinawatra was indicted by the National Counter Corruption Commission for falsely declaring his assets. Even in wealthier and more stable democracies, such as Japan, South Korea, and Taiwan, the tremendous influence of money in the political and electoral processes has eroded public confidence in government institutions and has undermined the foundations of the democratic system.

Throughout Asia, entrenched corruption has led to public disillusionment in many institutions, but political parties have especially become a target of criticism. Too often, distrust in parties and their leaders on the issue of reform has been justified. Parties have demonstrated little intent in stamping out corruption, promoting accountable governance, and advocating greater transparency in the political system. In particular, the internal practices of

parties, specifically regarding fundraising and campaigning, have been criticized. Although there are examples of transparent, policy-oriented parties, in many countries parties also participate in corrupt and illegal activities. As in countries throughout the world, electoral competition requires parties in Asia to raise large amounts of money in order to finance their campaigns, and fundraising practices often circumvent or violate the laws. Also like parties elsewhere, Asian political parties frequently build support through patronage networks, rather than through issue-oriented platforms based on the interests and needs of citizens. Many parties are opaque in their internal operations and undemocratic in their decision-making.

If political parties' internal practices and procedures are undemocratic and marred by corruption, then national efforts to eradicate corruption and promote good governance will be difficult to achieve. Political parties in Asia, as in the rest of the world, remain a vital ingredient in the democratic process. Democracies rely on parties to offer the electorate choices among competing candidates and alternative policies at election time, and parties are intended to serve the important role of aggregating diffuse social interests. After elections, parties determine and organize the government, and serve as the principle vehicle for placing issues on the public agenda. It will be political parties, acting through the executive and legislative process, that the public must rely upon to design reform measures and oversee their enforcement.

The political will to reform within parties is needed if parties are to play an effective role in national reform efforts. Furthermore, there must be greater public confidence in political parties' ability to act as agents for change. Despite their obvious shortcomings, parties cannot be viewed merely as part of the problem. They must also be viewed as part of the cure. In addition, whether motivated by a principled commitment to the ideals of good governance, or by more practical considerations of political survival and electoral appeal, reform ranks highly on the agenda of almost every political leader. Concrete steps must now be taken by the parties to earn the public's trust by ensuring that the rhetoric of political leaders is supported by meaningful action.

At regional and global conferences and forums, experts have increasingly acknowledged the role political parties must play in order to realize effective reform. At the 10th International Anti-Corruption Conference (IACC) held in Prague in October 2001, for example, closing speakers listed political party accountability as one of the top three areas for future action. Despite this increased commitment to addressing political parties in anti-corruption efforts, ironically, parties have still been largely left out of the reform debate. Few programs, if any, have been developed to work with parties, as organizations seem to prefer instead to promote policy prescriptions, bureaucratic reform, independent watchdog bodies, and civil society and media activities.

For these reasons, in March 2001, the National Democratic Institute for International Affairs (NDI) and the Council for Asian Liberals and Democrats (CALD), a coalition of political parties in Asia, launched a program in Asia on *Political Party Strategies to Combat Corruption*. Its purpose is to support political parties in their efforts to implement internal reforms through enhanced democracy, accountability, and transparency in party structures and practices. In addition, the program explores the challenges facing parties with respect to party financing, national legislation and regulations, and evolving public expectations, and aims to help parties participate in the formation of national reform initiatives.

In the first stage of this program, NDI and CALD conducted research to identify existing strategies and mechanisms parties are employing to limit opportunities for corruption, whether voluntarily adapted or mandated by external legislation. This research took place in eight countries: Cambodia, Indonesia, Malaysia, Nepal, Philippines, South Korea, Taiwan, and Thailand. NDI and CALD first examined the external environment in which parties function, including the country's transition to democracy, current political climate, governance and electoral systems, and problems with political corruption. In particular, NDI and CALD studied the legislation and institutions governing political parties, elections, and political finance.

Most importantly, however, the research focused on internal political party reform. The political parties in the study generously shared various strategies they have used to promote greater internal democracy, accountability, and transparency in their decision-making processes, candidate and leadership selection, financial management and fundraising practices, and ethical criteria and disciplinary procedures. Parties described reforms such as formulating codes of conduct, adopting mandatory disclosure requirements, conducting financial audits, establishing independent monitoring and disciplinary committees, implementing training and ethical education programs, and enacting term limits for party leaders.

Following the research, the program brought together 28 Asian political party representatives in Bangkok in January 2002 to discuss their experiences in democratic development and build upon the reform strategies identified in the research. The workshop provided an opportunity for parties, in some cases fierce political competitors, to at least temporarily lay aside partisan interests and share perspectives on the common challenges they confront. The parties represented some of the oldest in Asia, such as the Kuomintang of Taiwan, as well as some of the newest, such as the Keadilan Party of Malaysia. They also represented great diversity in their financial conditions, ideologies, and levels of organizational development.

This book presents the research findings, with the objective of providing comparative information on party practices in order to aid party reform efforts. The party strategies and practices described in this study emerged from a review of party documents and discussions with party representatives, and the accounts of party reform initiatives, therefore, largely reflect the parties' perspectives.

## **Political Corruption and Political Parties**

### *Definitions*

Efforts to define political corruption usually begin by identifying a normative standard for political behavior and then determining what conduct deviates from this standard.<sup>1</sup> In a democracy, politicians are representatives of the public and, in theory, act as agents of their constituents. In practice, of course, the relationships among elected officials and their constituents are more complex. Politicians seeking elective office must obtain the nominations of their parties, conduct a campaign, and accommodate sometimes-conflicting interests in order to serve as representatives of the people. Bargaining, negotiating, compromising, and, increasingly, fundraising are activities that generate suspicion and mistrust of politicians, but they are essential aspects of a politician's craft. Therefore, standards for appropriate political behavior can be difficult to determine, making the identification of corrupt acts problematic.

Corruption is most frequently defined as misusing public office for private gain. Common examples include: rewarding contracts or concessions in a non-competitive manner for personal profit; nepotism or cronyism in the appointment of government positions or contracts; actively protecting, or subverting legal action against, illegal businesses and activities; and developing government policies to favor certain political groups or interests in exchange for an explicit *quid pro quo*.

Sometimes, what is broadly considered corrupt or unethical conduct is nevertheless within the confines of the law. Wealthy donors, for example, may put pressure on a political party or candidate to adopt policies that do not reflect the interests of the majority of constituents. Although this may not violate the law, it distorts the principles of political equality and is sometimes viewed as corruption, or more commonly, as "money politics." In countries that have not yet developed institutions, including political parties, that enjoy widespread public support, activities that enhance the power of special interests, although legal, may decrease the legitimacy of the state.

Political corruption also has a cultural dimension. Certain acts such as donating money to a local temple or offering food and beverages at a community event are not viewed as corrupt behavior in many societies. Politicians sometimes complain of the “fine line” between common courtesy or tradition and bribery. Determining the influence of a gift on public behavior and practices is also problematic. Some political observers, therefore, argue that corruption should be locally defined: “It is the *perception* of the practice that makes it corrupt and scandalous.”<sup>2</sup>

Others, however, believe there are certain universal standards for appropriate conduct in public office. How citizens view corruption may be a result of educational levels, as well as levels of political awareness. “While local norms provide evidence about what people accept and reject, they should not be permitted to impinge upon the deeper sense of corruption...involving the violation of the norms of public office for private and personal gain.”<sup>3</sup> In fact, during the course of this study, political party representatives from eight Asian countries did not express much disagreement over what constituted corruption. Even practices such as patronage and gift giving, which might not be viewed as corrupt by the public at large, were recognized as appropriate targets for reform efforts.

### *The Linkages between Political Parties and Corruption*

There are many descriptions and explanations of the relationship between political corruption and political parties.<sup>4</sup> One common observation is that corruption in parties is more prevalent when parties lack strong ideological commitments. When there is little the party offers its constituents in terms of concrete policies or programs, money can substitute as the driving factor for winning votes. Furthermore, the provision of funding to parties that lack meaningful issue-driven platforms indicates that support is driven by other rewards. Donors do not contribute out of a commitment to partisan beliefs or a set of ideals, but rather for financial or other returns the party can provide when it is in power. This is often why, as reported by several Asian parties, small parties that lack substantial representation in government are less attractive to financial contributors, since they are not in a position to provide benefits. In sum, parties and politicians promise their donors rewards, such as money, contracts, and licenses, and to deliver they must divert state resources to their supporters.

While lack of ideology and donor-party relationships may contribute to corruption within the political party system, the informal and often opaque structures and decision-making processes within parties can help perpetuate

corrupt practices. Often parties are formed through personal relationships and have not institutionalized their procedures and processes. Rather, a few key powerbrokers, normally those with the financial influence or connections, determine the party's path with little consultation with rank and file members. The unofficial and often familial, clan-like nature of many parties reduces accountability to members and voters and hinders transparency, preventing effective checks on abuses within the party. Without internal democracy and formal rules and procedures, it is also more difficult to enforce external laws and regulations, such as political finance legislation.

The escalating costs of elections and party activities are also cited as contributors to political corruption within parties.<sup>5</sup> There are obvious expenses associated with running a campaign, such as television and radio advertisements. However, other costs are associated with voter demands for favors both during campaigns and in between elections. Politicians and parties from across Asia report, for example, that they are expected to pay for community and family events, such as weddings and funerals. Although some do not consider these demonstrations of respect and custom corruption, they nevertheless present a financial challenge for parties. Factionalism and fragmentation within parties can also increase costs by fuelling internal competition. Purchasing loyalty within the party, particularly during the nomination process, is often as necessary as securing support from outside the party. Furthermore, in countries where party switching is rampant, party leaders report having to "buy" successful politicians, and sometimes their factions, before each election.

Parties have to turn to creative fundraising practices in order to cover these costs. There is little tradition in Asia of ordinary citizens funding political parties, and membership fees are difficult to collect. Many parties in the study reported that they waived their membership dues altogether. Parties instead have to allow only those who can afford their own campaigns to run as candidates, often resulting in leaders ill-equipped to address the public's needs. In addition, as described above, the lack of untainted financial contributions forces parties to rely on donors with vested interests. Parties' dependence on these donors forces their accountability to them as well, often resulting in the abuse of state resources and further preventing parties from deepening as issue-based, publicly accountable institutions.

The trend of wealthy businesspersons, including in some cases those running illegal operations, establishing political parties has further strengthened the link between parties and money politics. Wealthy party donors may tire of providing funds to parties and choose instead to cut out what they view as the "agent" role of the parties and establish their own parties to pursue their goals. Businesspersons may also use a party to provide long-term political and legal protection and to discourage competition with their business interests.<sup>6</sup>



As corruption spreads, parties attract fewer desirable members and donors. Some parties have alienated civic activists and leaders, particularly given the increasing presence of business interests in the party system. In many Asian countries, the polarization between civil society and political parties is striking. Although a key function of parties is to represent and aggregate the collective demands and interests of broad social sectors, the financial motivations of parties have driven away issue-advocates. Activists eager to become involved in issue-based political activity frequently turn to NGOs instead of joining a political party. In some cases, civic groups are in practice effectively replacing parties by representing citizens on issues of concern and presenting proposals to the government. Moreover, advocacy groups often represent interests counter to those of the parties and their donors, putting activists in direct conflict with parties and politicians. Thai environmental groups interviewed in this study, for example, explained that many of their anti-pollution programs forced them to confront important politicians who owned the factories or plants in question.

The need for parties to develop as policy-based, professional institutions is evident. To do so, however, requires that public demands and expectations change. To focus on parties alone is to address only the supply-side of the political equation. Parties are shaped by the political culture in which they operate. In societies historically driven by patron-client relationships, the political parties will also reflect this characteristic. When citizens are used to conducting affairs through informal, hierarchical relationships, they will expect and accept similar behavior from politicians and parties. Furthermore, if the public does not demand issue-oriented campaigns from its politicians, or help fund issue-oriented parties, then it is unlikely the parties will develop as ideological, accountable institutions. Voters themselves are often not politically aware or divided by specific policy issues, so it is unlikely that parties would differ in the platforms that they put forward. Public expectations for financial payments in exchange for loyalty further reduce the demand for parties as professional institutions oriented around public policies. As one politician in this study commented, “One has to sell their vote in order for it to be bought.”

The factors linking parties to corruption are complex and inter-connected. Parties are unable to raise money from the public at large, for example, because the party organizations are considered unethical and fail to represent the true needs of citizens. The reputation of parties has suffered because, unable to raise funds from ordinary citizens, they have relied instead on special interests. In many cases, party representatives in Asia concede that they do not know how to break this cycle and initiate a reform process. Lessons learned from other parties’ successes and failures with party reform, therefore, could provide some needed guidance.

## Common Solutions to Political Corruption

In several countries, attempts are being made to regulate party behavior in order to enhance transparency and accountability, promote internal party democracy, and limit the abuse of money in the party system. Legislative solutions are diverse and incorporate a range of advantages and disadvantages. Laws and regulations also tend to generate additional laws and regulations, and loopholes proliferate. A basic framework, however, has proven necessary in most environments to serve as a check on party abuses.

Legislative remedies include the following:

### *Campaign and Political finance: Limits on donations and expenditures*

Implementing limits or ceilings on the amounts that donors can contribute to a party or candidate is a common form of political finance reform. Limitations on contributions are based on the principle that they reduce the disparity of political influence between large donors, small donors, and non-donors.<sup>7</sup> Some countries also place restrictions on the sources of funding. A few European countries, such as Spain and France, for example, prohibit or limit corporate donations to parties. Limits on party and candidate expenditures are also common. In an attempt to level the playing field between parties, the government enforces a ceiling on total expenditures, usually implemented only during the campaign period.

In several countries, however, limits have been subjected to constitutional debate, as critics argue that the limits are contrary to the principles of freedom of expression. Proponents of limits argue that campaign activities can be regulated by invoking the “public harm principle.” This argument “justifies limitations on rights on the grounds that otherwise there would be impairment of institutional and regulatory practices that are in the public interest of a free and democratic society.”<sup>8</sup> In other words, according to this argument, without regulations, equal access to the democratic process would in effect be denied. An individual or group with ample resources would be able to exert more influence on the political system than the majority.

One negative outcome of limitations is that in some circumstances fundraising is driven underground. Parties continue to accept money beyond the limits by circumventing disclosure requirements. This has been referred to as “parallel funding.” Enforcement of limits is also extremely difficult, particularly with regard to spending limits. It is challenging and expensive for law

enforcement authorities to keep track of all the money spent by parties and candidates across the country. In many countries, it is widely acknowledged and accepted that the limits are routinely violated. Moreover, in some countries, the limits are unrealistic and have not been updated in decades. Another problem with contribution limits is that they can create an incentive for wealthy businesspeople to finance their own campaigns, as there is no need to fundraise, making it difficult for poorer candidates to compete.

### *Declarations and Disclosure*

Mandatory disclosure of party finances contributes to greater transparency in the political process, providing the public with the ability to understand and monitor the affiliations, interests, and resources of parties. When the public has access to a party's financial relationships, citizens can more effectively serve as a check on party behavior and provide incentives for party cleanliness. "Full disclosure allows the public to know the identity and economic or ideological affiliations of individuals and groups financing the campaigns of elected officials." Some argue that disclosure is most effective when there are no funding limits or other restrictions. Incentives for parties to declare all of their financial information are essential for disclosure to be effective, and the fewer reasons parties have to circumvent the regulations the more likely they will be willing to disclose. Furthermore, disclosure should be comprehensive, providing broad application and not confined to certain aspects of party and candidate activity. Declarations of assets and liabilities of candidates and party office holders are important to ensure that money is not being channeled through individuals rather than the party and to protect the party from embezzlement.

Disclosure has proven to be difficult to enforce. In many instances, parties can easily submit false balance sheets, as the true income and expenditures are hard to verify, particularly with multiple branch offices. Disclosure of the identity of donors has also presented problems. Parties have complained that many donors prefer to protect their anonymity, particularly in tense political environments, forcing parties either to reject the funding or take the money "under the table." In addition, loopholes frequently exist in disclosure laws. If only certain aspects of party behavior are required to be disclosed, parties can easily find alternative channels. If parties must disclose expenditures and revenues during a specified campaign period, for instance, then parties might conduct fundraising and campaign activities prior to the designated period. In addition, funds can be provided to groups closely affiliated with the party, such as political action committees, which are not required to disclose.

## *Public Subsidies*

Government funding of political parties or candidates serves many objectives. One central aim is to level the playing field for parties by ensuring more equal access to funding. Particularly for smaller parties, state funds often are the main source of financing, essential for the party to run even a modest campaign. In addition, government funds can support party development in places where political parties are traditionally weak and under-funded. Furthermore, public subsidies are used to attempt to limit the need for donations from illegal sources and to prevent corruption in the fundraising process. “Everywhere...public subsidies have become a necessity, because apparently there is no other way to bridge the gap between rising expenditures for political purposes and sluggish flows of voluntary donations. Experience with political corruption accompanying party fundraising and unequal opportunities for party competition have contributed to this proliferation of public subsidies.”<sup>10</sup>

Governments provide funds to political parties in different ways. Some countries provide grants or matching grants to candidates to cover part of their campaign expenditures. Other countries also provide money for the day-to-day operational costs of parties. Some legislation requires parties to earmark the public funding for specific activities, and many countries limit the uses of public funding. Sometimes governments give money “in kind,” by providing media coverage or postal expenditures. Funds are allocated based on a variety of factors, such as number of seats in the legislature, number of party members, the regional spread of the party (or grassroots offices), or the percentage of votes received. Countries can provide the option of public funding to taxpayers on their tax forms.

There are a few disadvantages of state funding. Critics argue that subsidies can discourage membership outreach as the need for grassroots funding decreases.<sup>11</sup> In Spain, for example, public funding reportedly brought the parties closer to the state and distanced them from civil society.<sup>12</sup> Another disadvantage of public subsidies is that there are opportunities for “fake” parties to mushroom in order to obtain the funding. In other cases, however, it is argued that the funds actually discourage new, smaller parties and protect the big, incumbent parties because of the formula for allocation. Finally, the costs of campaigns, such as media expenses, do not decrease with the availability of state funding, and the need to raise money from other sources is rarely diminished.

## *Regulating Internal Party Structures and Practices*

Laws regulating political parties sometimes require parties to adapt specific internal structures and practices. Several countries, for example,

require external audits of party finances, and parties must provide balance sheets of revenues and expenditures to the government or an independent watchdog body. In several cases, these audits are made available to the public. Some laws mandate that parties have specific election and decision-making procedures to enhance internal party democracy. Parties may be required, for example, to have certain party posts, committees, and meetings, such as annual general assemblies. A few countries reserve the right to review the constitutions of parties to ensure they are in line with certain principles. Although the intention of these laws is usually to improve the democratic character of political parties, in some instances the restrictions are viewed as government control, which can be abused in a partisan manner. These regulations can also erode the natural emergence of parties as independent groupings of civic interests. Rather, parties become regulated machines.

### *Conclusion*

In sum, countries have adopted a variety of regulations to tackle money politics and political corruption. Legislation has helped improve transparency and accountability of political parties by allowing the public to understand and observe the financial linkages and internal practices of parties. Legislation has also attempted to provide broader public access to the political process by leveling the playing field for political contenders. Public funding for parties, for example, has allowed smaller, poorer parties to grow.

In many cases, however, reforms have introduced perverse incentives and loopholes. Contribution limits and disclosure have sometimes encouraged parties to drive their fundraising efforts underground or find different methods to achieve the same end, such as “bundling” contributions. In addition, often legislation ignores political realities by placing overly stringent requirements on parties and limiting their ability to raise enough funds to operate effectively. Some campaign spending limitations have not even been updated in decades and amount to approximately the cost of one television commercial. Finally, enforcement has been universally weak. Many of the targets of regulations, such as actual party expenditures, are difficult, if not impossible, to monitor without tremendous resources. Moreover, in many instances, there is little political will for enforcement, and independent monitoring agencies are rare or under-funded.

Clearly legislation cannot be the only answer to money politics in the party system. Civil society and the media can perform a monitoring role, and the electorate must demand reform from those they put in power. Voters could choose candidates and parties that are not involved in corrupt acts when such a choice exists. As one expert on party financing put it, “It is when political financing is accompanied by silence, indifference, and a lack of technical training that abuses are best able to flourish.”<sup>13</sup>

Naturally, party reform also involves the participation of parties themselves. Parties are needed to implement and comply with legislative provisions. In addition, because of the shortcomings and loopholes of legislation, parties must develop their own commitment to reform in order for real change to be realized. Little information, however, is available on internal party reform activities. Very few studies have examined political finance and corruption from the point of view of the parties themselves, exploring the challenges they face and the pressures placed upon them. As discussed above, this research effort attempted to uncover these issues.

## **Research Design and Methodology**

NDI and CALD researched political party reform experiences in eight Asian countries: Cambodia, Indonesia, Malaysia, Nepal, the Philippines, South Korea, Taiwan, and Thailand. The major objectives of the research were to identify key obstacles to party reform and to explore mechanisms that parties have implemented to promote internal accountability and transparency. These include:

- full membership involvement in the election of party leaders and officials;
- full membership involvement in the selection of party candidates for public office (and/or public involvement in the selection process through polling or open primaries);
- term limits for party officials;
- codes of conduct for party officials and candidates;
- party contracts for party officials and candidates (e.g. conflict of interest agreements);
- ethical standards for party officials and candidates;
- public declarations of assets and liabilities for all party officials;
- disciplinary procedures;
- internal anti-corruption bodies;
- evaluation and monitoring strategies;
- financial disclosure procedures for all party accounts;
- full public disclosure of the *names* of donors;
- external audit systems; and
- fundraising guidelines and regulations.

The research explored several components of party practice: organizational structures and decision-making processes; selection of leaders and candidates; financial management and fundraising practices; ethical standards and criteria for party officials; and disciplinary procedures. In addition to examining internal party behavior, the research also investigated the external challenges and pressures political parties face with respect to their country's political cul-

ture, constitutional and electoral framework, media access, and public perceptions of parties. In particular, the research examined the impact of legislation governing elections, political parties, and political finance on the conduct of parties, and the opportunities and limitations legislation presents.

The primary method of research involved individually administered interviews with political party leaders and representatives in each of the eight identified Asian countries. These interviews were conducted between April and August 2001. The number of parties interviewed in each country was limited to those with the largest representation in parliament or those with important historical and legislative roles. In some cases, the parties chosen were not inclusive. In Malaysia, for example, research focused on the peninsular parties, omitting parties in Sabah and Sarawak states in Borneo. Moreover, in some circumstances, parties did not agree or were not able to meet with the researchers.

Researchers were usually able to interview at least one senior representative, such as the party leader, secretary general, executive director, or secretary for administration. They also sought meetings with known reformers in the party, including youth wing members, who often offered interesting insights on the political realities within the party. The researchers developed a survey for these interviews, which suggested key areas for questioning and served as a guide for the interviews.

Although interviews with political party leaders were most central to the research, key representatives from other sectors of society helped to verify, clarify, and cross-reference the information gathered. These representatives included: leaders from civic organizations and NGOs active in political, electoral, or anti-corruption issues; academics focusing on corruption and the political process; government officials, such as members of the anti-corruption body, the election commission, or the government body overseeing political party registration and activities; representatives of the media; international observers from foreign missions; and businesspersons.

Despite these guidelines, each interview in the study was unique. The researchers were flexible and allowed the conversation to flow in the direction of interest to the interviewee. There were clearly some lines of questioning that the parties felt more comfortable not discussing. In several cases, the interviewees requested anonymity or asked that the interview take place off the record, and the researchers respected these wishes. Interviews also varied in length. Some meetings ran as long as two and a half hours, others lasted less than 30 minutes. Consequently, each party section unavoidably varies in length and level of detail. In addition to these interviews, party records and documents, such as by-laws, constitutions, and audit reports were also examined.

Findings of the study largely reflect the perspectives and opinions of the party representatives interviewed. Certainly the respondents wanted to present their parties in a favorable light, sometimes exaggerating reform accomplishments. Most party officials, however, were forthright in discussing their parties' shortcomings and the challenges posed by corruption.

## **Summary of Findings: Reform Legislation**

The laws and regulations governing political parties, political finance, and elections are critical in framing the context within which parties operate. A main component of the research process, therefore, involved scrutinizing these various legislative measures and interviewing political parties about the impact of legislated reforms on party activities and conduct. The researchers collected all relevant documents from each country, such as the constitution, the political party law, the electoral law, and political finance regulations. Special consideration was given to:

- The regulations regarding party registration and operations and the responsibilities of the government body empowered with oversight and enforcement functions;
- Provisions in the party law related to party finances, such as mandatory review by a government institution, public disclosure requirements, stipulated legal and illegal sources of funding, limits on contributions and/or expenditures, and audit and accounting regulations;
- Provisions in the electoral law relating to campaign finance and campaign expenditure, such as limits on contributions and/or expenditures, mandatory review of campaign finances by a government body, public disclosure requirements, and accounting and reporting regulations;
- Public funding systems and the criteria for receiving state funds; and
- Declaration of assets and liabilities requirements for party leaders and officials, conflict of interest legislation, and anti-corruption agencies.

Many of the countries included in the study recently adopted laws regulating parties and campaign financing and established independent anti-corruption and election commissions. In several cases, however, these new laws have proven difficult to enforce and have driven illegal practices underground. South Korea and Thailand have extensive legal frameworks, for example, but by all accounts, money continues to dominate political competition in those countries. In Taiwan, on the other hand, there are few laws regulating parties, but greater efforts are made by parties to meet public expectations of good governance. In fact, Taiwan is considering lifting some of the penalties for breaking limits on campaign spending and donations because it is recognized that limits have, in fact, reduced transparency.



## *Thailand*

The 1997 Thai Constitution introduced new party, political finance, and election laws, under the Organic Law on Political Parties and the Organic Law on Elections, and empowered an independent Election Commission of Thailand (ECT) with oversight authority. These laws strictly regulate party operations and accounting practices in order to enhance transparency and accountability within the party system. A key objective of the new legislation is also to strengthen parties as ideological bodies and broaden their membership bases, with the aim of reducing the prevalence of patronage and vote buying.

The new party and election laws impose stringent regulations and checks on parties. Disclosure is the main theme of the new reforms. All party officials, including branch chairpersons, must declare their assets and liabilities to the ECT, regardless of whether or not they hold public office. The new laws mandate annual party audits and financial reports that detail all expenditures and donations, including the sources of all contributions, and these reports must be made available to the public. Spending limitations are also placed on parties during the campaign period, although there are no limits outside the campaign period. In addition, parties are required by law to have internal elections to determine party posts, including branch office committee positions, and policies. The law even provides an appeals process to the Constitutional Court for those party MPs who feel they are the victims of “undemocratic” party decisions. Furthermore, the new legislation attempts to limit factionalism and encourage more issue-based and cohesive parties by making it difficult to switch parties and by providing a public subsidy for organization-building and constituent outreach activities.

The ECT is responsible for managing and enforcing the political party regulations and has demonstrated its authority. In July 2001, the ECT sent dissolution requests for 17 parties to the Constitutional Court because the parties failed to abide by the new regulations. The ECT has also fined parties for accepting donations from illegal sources and submitted to the Constitutional Court over 380 cases of party officials who have failed to declare their assets and liabilities.<sup>14</sup> During elections, the ECT is empowered to disqualify candidates and call for fresh elections as needed. During the 2001 general elections, the ECT nullified election results and banned numerous candidates on corruption charges. Although the new ECT represents a vast improvement with respect to enforcement from the Ministry of Interior, which previously administered elections in Thailand, the Commission itself acknowledges that its oversight capabilities are limited and many violations continue to take place.

## *South Korea*

The 1987 Korean Constitution requires political parties to be democratic in their organization and operations. In fact, if a party violates the “fundamental democratic order,” the Constitutional Court can require its dissolution. The Political Parties Act (amended in 2000) requires all parties to register with the National Election Commission (NEC), to hold elections for the party’s leaders and officials, to establish branch offices, and to provide lists of all members to the NEC. The law also places a limit on the number of paid employees in a party.

The Political Fund Act (amended in 2000) includes provisions on fundraising, expenditures, and party reporting. There are both income and expenditure limits on parties at all times, and donations are funneled through supporters’ associations established for the parties and candidates. The NEC receives the names of all members of and donors to the supporters’ associations, which become part of the public record, although in certain circumstances contributors can request anonymity. The law also provides state funding for political parties. All citizens can access parties’ annual audits and financial accounts.

The Act on the Election of Public Officials and the Prevention of Election Malpractices (amended in 2000) creates the framework for electoral competition in Korea and establishes the NEC as the oversight body for all elections. The NEC sets campaign, income, and expenditure limits and requires each candidate or election campaign to appoint an accountant to maintain a record of all financial transactions. Receipts for expenses and contributions and a report of all accounts must be submitted to the election commission following the elections. These accounts are available for public inspection for a period of three months.

## *Cambodia, Indonesia, Malaysia, and the Philippines*

Cambodia’s Political Party Law (1997) specifies minimal requirements for parties. Parties are required to register with the Ministry of Interior, providing a party name and the signatures of at least 4,000 citizens. Parties also have to provide activity reports to the Ministry every year. There are no limits on spending or donations; public disclosure of the sources of funding is not required; and there are no mandatory declarations of assets or liabilities for party officials. The Election Law (1997) requires parties to submit campaign expense statements to the National Election Commission, but parties do not have to reveal the sources of funds and these expense statements are not made available to the public. There are also no campaign income or expenditure limits.

Indonesia passed two laws in 1999: No. 2/1999 regarding Political Parties and No. 3/1999 regarding General Elections. The Political Party law establishes criteria for party competition and sets contribution limits to political parties. Parties are also required to file financial reports, along with a list of all donors, and to conduct an annual audit. To date, however, few parties have reported an audit. The Election Law sets contribution and spending limits, requires parties to file financial reports, and calls for campaign audits of parties by the election commission. The commission experienced difficulties conducting campaign audits following the last election. Although Indonesia has passed legislation requiring full financial disclosure and encouraging greater party accountability, these measures have not yet been effectively implemented.

Malaysia's Societies Act (1966) governs political parties, NGOs, associations, and charities in Malaysia, and all of these organizations must register with the Registrar of Societies, under the Ministry of Home Affairs. Parties have to submit financial accounts to the Registrar, but these accounts are not disclosed to the public and there is no requirement for parties to reveal the sources of their funds. The current law also does not prevent political parties from owning and managing financial enterprises, and there are no spending or contribution limits. The Election Offences Act includes specific campaign finance regulations for candidates. During the campaign period, which is technically the period from the day of nomination to polling day and is usually between seven and 15 days, there are limits on campaign expenditures. Candidates must also file financial returns with the election commission, which are made available to the public. Under the current legislation, there is little transparency in internal party affairs and finances, and many civic groups and several political parties have lobbied for stricter regulations, particularly with respect to party financing.

The Philippines has no law governing political parties other than the Omnibus Election Code, and there are no laws regulating political finance outside the campaign period. There are no limits on spending or contributions, no required declarations of assets and liabilities, no reporting requirements, and no disclosure of financial records to the public or a governmental body. During the campaign period there are expenditure and contribution limits for candidates. The election law also requires parties to file financial reports for all campaign income and expenditures with the election commission, and these reports are made public. Several political parties and civic organizations have advocated for the passage of a political party law to regulate party practices and finances between elections.

## *Nepal and Taiwan*

Nepal, like the Philippines, currently has no law governing political parties and there are no political finance regulations outside of the campaign period. The country's Election Code of Conduct sets limits for campaign expenditures and requires all candidates and parties to maintain records of expenses and contributions and submit them to the election commission, although these records are not routinely made public. A new Political Party Law, however, passed the House in 2001. Although it has not been implemented yet, the law will require party audits and financial reporting, including disclosure of the names of contributors of more than 25,000 rupees (\$333).

Taiwan has not yet enacted a political party law to govern the registration, finances, or operations of political parties. Provisions for political party registration are provided by the Civic Associations Law, which, like in Malaysia, is extremely broad, covering registration for all types of civic and charitable groups. The law places few requirements on political parties. An aspiring political party must submit its constitution, its structures and operations, its leadership roster, and registration forms to the Ministry of Interior. The current law does not prevent political parties from owning and managing financial enterprises, nor does it place any requirements on political party financial practices, such as audits of party financial accounts or declarations of party assets. The Public Officials Election and Recall Law (POERL) and the President and Vice President Election and Recall Law (PVPERL) establish spending and contribution limits for the campaign period and require each candidate to prepare an account book of campaign income and expenditures, audited by a certified public accountant. These account books are made available for inspection and reference. The state also provides financial subsidies to political parties and candidates based on electoral performance.

Taiwan's legislature is considering amendments to the Election and Recall laws that would eliminate the penalty for breaking contribution and spending limits, which are widely considered unrealistic, and would impose stricter eligibility requirements for candidates. A pending Political Contributions Law would, for the first time, regulate political finances *outside* of the campaign period. Political parties would have to keep detailed and accurate financial records that would be audited by certified public accountants and made available for public inspection. The government has also proposed the enactment of a Political Party Law to regulate the registration and operations of political parties and ban parties from managing their own profit-making enterprises. Interestingly, several legislative proposals would actually remove some of the existing requirements, such as the contribution and spending limits, in order to enhance the transparency of campaign finances.

## *Disadvantages of External Legislation*

Stringent laws and regulations, although often considered an appealing approach to combating political corruption in Asia, have distinct disadvantages. It is difficult, especially for governments with few resources to devote to the task, to keep tabs on party activities, expenditures, and income. Even the widely praised Election Commission of Thailand faces resource difficulties and is unable to adequately scrutinize party records.

In addition to being difficult to enforce, many parties in this study complained that the laws do not take into account the political culture in which they function. Parties have argued that the laws single them out for sanction without considering the demands placed upon them. Moreover, laws can frequently underestimate the amount of money that parties need to operate effectively and competitively, and spending limits and regulations are often unrealistic. To emphasize this point, one politician claimed that if he bought one full-page newspaper advertisement, he would violate the campaign spending limit.

In Korea and Thailand, party officials explained that many donors prefer to remain anonymous, so the public disclosure laws force parties either to reject the needed financial support or to break the law. In fact, many report that legislation, such as cumbersome reporting requirements, has simply driven practices underground. Taiwan officials have learned that limits on campaign spending and donations reduce transparency and is therefore considering lifting the penalties for breaking these limits. It is widely recognized that current accounting reports are inaccurate, so by lifting the penalties of legislation, the government hopes that it will, for the first time, obtain an accurate assessment of actual expenditures and contributions.

## **Summary of Findings: Internal Party Reforms**

Most of those interviewed agreed that even where strict laws and regulations have been adopted, parties themselves have a responsibility to adopt internal reforms. There are always loopholes and the laws can be circumvented if parties do not commit themselves to reform and voluntarily adapt monitoring mechanisms. Internal party reform is needed to complement and reinforce legislative requirements, and can have the added advantage of helping demonstrate the party's anti-corruption message to the voting public.

When embarking on this research, NDI and CALD encountered considerable skepticism of the notion that parties would “reform themselves.” In virtually every party interviewed, however, the researchers encountered

reformers committed to reducing the role of money in politics. Several parties provided the researchers with concrete examples of strategies and instruments they use to promote transparency, accountability, and democracy in party structures and practices. Such reforms include codes of conduct, internal monitoring procedures, and financial disclosure. They also include broadening participation in candidate and party official nomination and election processes. These reforms can serve as useful “best practices” for possible replication by other parties in the region.

### *General Party Reform and Anti-Corruption Activities*

Most of the political parties interviewed have publicly recognized the damaging effects of political corruption on their countries’ economic growth and governance and have incorporated the fight against corruption into their party platforms and agendas. Beyond these commitments, many parties have provided concrete critiques of the existing anti-corruption legislation and have advocated specific legislative and governmental reforms. Parties have issued press releases, held forums, and drafted anti-corruption policy prescriptions. Several parties, for example, have recommended changes to the current structure, powers, and activities of existing anti-corruption bodies, such as the counter corruption commission, election commission, and prosecutor’s office.

Several political parties in the study have also developed broad internal party reform processes and established new bodies to implement them. A few parties, for example, instituted reform committees tasked with recommending a wide-range of changes to the party’s current regulations, structure, decision-making procedures, and financial management practices. In some instances, these reform committees are empowered to operate independently from the other party structures.

Examples of general reform and anti-corruption activities include:

- The Democratic Action Party (DAP) of Malaysia has placed “anti-corruption” at the top of its agenda and has organized numerous forums to discuss legislative reforms. Specifically, the party made recommendations to the Anti-Corruption Bill of 1997 and has advocated for mandatory declaration of assets and liabilities for all elected officials.
- The Kuomintang Party (KMT) of Taiwan established an independent party reform task force of 40 to 60 party officers of various levels to develop a reform action plan that addresses corruption in the party and attempts to strengthen internal party democracy. Initial reforms recommended by this task force include the election of most party officials by the party’s members, the use of public opinion polls and

primaries to determine party candidates, and the complete re-registration of members.

- The Millennium Democratic Party (MDP) of Korea formed an informal “committee on solutions and implementation,” a block of progressive MDP legislators who were successful in drafting, promoting, and building consensus on the recent anti-corruption legislation that passed in the country.
- The Grand National Party (GNP) of Korea recently created a reform committee, chaired by a party vice president, to lead the party’s reform and restructuring efforts and draft recommendations.
- The Democrat Party of Thailand has embarked on a reform process that involves restructuring and “professionalizing” the management of the party to protect against possible conflicts of interest for party MPs and party officials. The party has held training seminars across the country to solicit the feedback of its membership.
- The Laban ng Demokratikong Pilipino Party (LDP) of the Philippines is trying to understand better the problem of patronage and opportunistic party defection by organizing internal party seminars, conducting policy discussions, and establishing a party research institute.
- The Sam Rainsy Party of Cambodia has prioritized the fight against corruption, placing anti-corruption as one of 10 fundamental components of the SRP platform. In the National Assembly, the party has lobbied for the adoption of an anti-corruption law, an independent anti-corruption commission, and mandatory asset declarations from all elected leaders.

### *Candidate and Leadership Selection*

Parties shared several strategies for enhancing democracy and transparency in the selection of both candidates for public office and party officials. Most parties interviewed are challenging the leadership-driven and top-down practices of the past by involving more members, and in some cases the public, in the determination of party representation. Very few parties still allow a small number of key leaders to determine all candidates for election or to select officials for party posts. Internal party elections have become the most common process for determining both candidates and party leaders. The breadth of participation in these elections varies from the entire membership of the party to the central committee members.

As political parties integrate democratic procedures into the selection process, parties report that their candidates are of a higher caliber and the “purchasing” of party positions and nominations becomes more infrequent. If officials and candidates are determined by the entire membership of the party

through a clean, secret, and fair voting process, patronage and cronyism can no longer be viable determinants of the party's leadership and representation.

Examples of reforms to the leadership and candidate selection process include:

- The Democratic Progressive Party (DPP) of Taiwan has established a special “corruption hotline” for party members to report corrupt behavior within the party nomination and internal election processes.
- The DPP has voluntarily implemented term limits for all party leaders in order to avoid a monopoly of power with one group. Term limits prevent the use of influence and party machinery by incumbents in party elections.
- The DPP uses a combination of primary elections involving all members and public opinion surveys to select its candidates. Candidates' scores are based 30 percent on their performance in the primaries and 70 percent on their performance in the public opinion polls. This process helps ensure that party candidates for public office are nominated in a democratic manner, and not determined by patronage or cronyism, and are accountable to the public and broad party membership.
- The Gerakan Party of Malaysia allows all candidates for party offices to appoint “election observers” to monitor for corruption during the internal party elections.

### *Financial Management and Fundraising*

Party representatives frequently cite financial management and fundraising processes as vulnerable to abuse. It is difficult for parties to keep track of all the money flowing in and out of the party, particularly with offices and members spread across the country. Financial donors can also present problems for parties by demanding rewards in return for their support. Parties have approached this problem in several ways. A few parties have chosen to centralize all party fundraising with the party headquarters to avoid opportunities for corruption. Other parties have called in external management companies to control their assets and finances. Most of the parties interviewed, however, agreed that enhanced transparency of party finances limits opportunities for corruption. In other words, the more members who are able to review the financial records and the greater number of checks and balances within the party help the party avoid problems. If a few leaders tightly control money management, it is difficult to know whether money is received and spent legitimately and it can raise suspicion among party members and the public.

Party representatives shared several tactics for preventing corruption in the financial management and fundraising processes, such as:



- The KMT has proposed to transfer all of the party's assets into a trust managed by a private management company to limit opportunities for abuse of party resources.
- The DPP has voluntarily implemented public disclosure of party financial records, including all income and expenditures.
- The Marxist Leninist (ML) Party of Nepal requires all central committee members to receive permission from the party before constructing or expanding a private home in order to monitor for unusual accumulation of wealth, and possible misuse of party resources, and to protect the party's public image.
- The Nepali Congress Party, the Nepal Sadbhawana Party, the United Marxist Leninist (UML) Party, the Rastriya Prajatantra Party (RPP), and the Marxist Leninist (ML) Party of Nepal include in their constitutions a requirement that all party office holders at all levels declare their assets and sources of their income in order to trace unusual wealth.
- The United Malays National Organization (UMNO) of Malaysia does not allow branch or division party offices to raise money. This prohibition was initiated to avoid the abuse of funds by party members and the undue influence of donors on the party.

### *Ethical Standards, Training, and Discipline*

Parties have employed a variety of measures to promote ethical conduct among their members, leaders, and candidates, and to punish those who engage in unethical behavior or violate the laws of the party. Frequently, ethical behavior is linked to party loyalty, as many countries in the study experience problems with party defection. Most party representatives interviewed agreed that codes of conduct and written regulations alone are not enough. They contend that there should be other reinforcing preventative measures, such as training, as well as procedures for enforcement, namely evaluation, monitoring, and disciplinary processes. If there is no threat of sanction for committing corrupt acts, such as vote buying, and party regulations are routinely ignored, then behavioral change seems unlikely.

Although all parties have an official party disciplinary process, some party officials argue that informal pressure and reprimands are the most effective way to discipline because they protect party members and officials from "losing face." Few party officials state that their parties actually go through the official disciplinary channels when there is a problem. Instead, they would prefer to handle things discretely. Other party representatives, however, claim that if there are unclear or opaque disciplinary practices, they can be applied inconsistently or based on factional favoritism. This can weaken respect for the official laws and rules of the party, fostering a culture of impunity. These representatives believe that parties should strictly follow their regulations in order to build respect for rule of law in the party and to strengthen

parties as transparent, rule-driven, and formal institutions rather than family-oriented, informal cliques.

Mechanisms to enhance party ethics include:

- Taiwan's DPP has strict eligibility requirements for party candidates, including signed codes of conduct, to hold them accountable for how campaigns are conducted.
- The United Liberal Democrat (ULD) Party in Korea has a code of conduct for party leaders, monitored and implemented by a committee.
- The FUNCINPEC Party in Cambodia has a contract that all party members who hold public office – MPs, ministers, provincial governors -- are required to sign before accepting their appointment. Upon signing a contract, the individual agrees to resign voluntarily from his or her position in the government if he or she violates the provisions in the contract, which relate primarily to ethical conduct and job performance. The party conducts regular evaluations of its members to ensure that the contract is being followed.
- The Parti Islam SeMalaysia (PAS) of Malaysia has established an ombudsperson system (or *Hisbah* system) to monitor compliance with ethical standards. All leaders are required under this system to declare their assets and wealth, and there is a special committee to investigate violations. Members of the general public can submit a complaint about any member in the party.
- Malaysia's UMNO recently established an independent disciplinary committee to investigate and punish corruption within the party. The committee has already expelled six senior UMNO officials for buying votes in internal party elections.
- The DAP of Malaysia requires candidates to sign their own resignation letters for their seats in case they violate party principles, namely by switching parties.
- The Lakas-NUCD-UMDP-KAMPI of the Philippines requires all its candidates to sign an agreement stating that they will resign their seats if they defect from the party.
- The Partai Kebangkitan Bangsa (PKB) of Indonesia provides counseling to its members on Islamic ethical principles.

### *Lessons Learned*

While Thailand and Korea have the most stringent national legislation governing political parties and finance of the countries in the study, the Democratic Progressive Party (DPP) of Taiwan is, perhaps, the party richest with examples of internal party reforms. The DPP has tackled political corrup-

tion by implementing numerous checks and balances within the party and ensuring full transparency of party operations. These reforms are particularly interesting because the party has adopted them voluntarily, as Taiwan has few legal requirements placed on parties. The reforms have also paid off at the ballot box. The DPP and its platform of reform won a stunning victory over the KMT in the last presidential and parliamentary elections. The KMT's response to its electoral defeat has been to undertake its own program of party reform and restructuring.

In Taiwan, the party reform process has been encouraged by voter behavior. Public opinion polls in Taiwan consistently reveal that citizens want honest and accountable political parties, and in order to compete effectively, political parties have been forced to demonstrate their reform credentials. Having lost power after decades of unchallenged dominance, Indonesia's Golkar Party is learning a similar lesson as the KMT, recognizing that its political survival depends in part on its ability to reform and alter the public's image of the party. As levels of political contestation increase, party leaders in several countries have become more sensitive to their public image, especially on anti-corruption issues. Another "lesson learned" from Taiwan's experience is that parties tend to mimic one another. If one party sets the bar high for reform and clean practices, providing voters with a desirable alternative, then other parties tend to follow.

Nepalese parties have also taken significant steps to enhance transparency in the party system through voluntary disclosure requirements. Thai and Korean parties have implemented very few reforms that were not already mandated by national legislation, although parties in these two countries are beginning to explore voluntary reform measures. Some Indonesian, Cambodian, Malaysian, and Philippine parties have implemented internal anti-corruption mechanisms, with varying degrees of success.

### **Regional Workshop on "Political Party Strategies to Combat Corruption"**

Following the completion of the research, on January 14-16, 2002, political party leaders from throughout Asia met in Bangkok to examine the problem of political corruption and explore the practical steps to enhance public confidence in parties and the political process. The workshop, entitled *Political Party Strategies to Combat Corruption*, co-sponsored by NDI and CALD, drew participants from 29 parties from the eight Asian countries included in the research. In addition, experts and resource persons from India, Singapore, Germany, and the United States helped to inform and guide the

discussion. The workshop's central mandate was to examine how the internal operations of parties might be vulnerable to corruption and identify practical measures to enhance the integrity of parties.

At the workshop, participants built upon the research findings by identifying additional tactics and strategies political parties can use to promote greater democracy, accountability, and transparency in party structures and practices in order to limit corrupt practices. Participants were asked to both identify successful internal party reforms for possible replication and explore the obstacles to the reform implementation process. The workshop also had the underlying purpose of providing representatives from parties of varying ideologies and political power with the opportunity to share experiences and build a common commitment to fighting corruption.

Given the sensitive nature of the subject and the presence of competing parties, it was agreed that the workshop needed certain "rules of procedure." The workshop did not, therefore, concentrate on personalities, private financial matters, or political strategies but rather on party systems, processes, and procedures and how they can be improved. The workshop aimed to highlight positive reform strategies and anti-corruption best practices, and participants agreed that there would be no discussion of specific corruption scandals or "finger pointing." Despite the focus on positive experiences, at the workshop several participants voluntarily chose to speak frankly about problems within their parties and incidents of corruption. It was understood by all participants that these comments were made in good faith and would not be used for political purposes later.

Another important characteristic of the workshop was that it aimed to guarantee complete party ownership and management, and almost all of the facilitators, presenters, and chairpersons at the workshop were the party representatives themselves, with the exception of a few resource persons. To ensure the workshop results and recommendations were entirely the product of the participants, NDI and the CALD Secretariat played only resource-providing and facilitative roles.

### *Workshop Proceedings*

The workshop methodology included a combination of plenary presentations by outside experts and party representatives, small working group brainstorming sessions, and open discussion. The first day of the workshop provided a broad overview of the issue of legislative and political party reform, drawing on regional and global experiences. In addition, party representatives shared several "case studies" of party anti-corruption strategies. The objectives of the first day were to set a broad framework for discussion and introduce

several concepts for in-depth analysis during the working group sessions on the following day.

- Panel Presentations: Academics and Experts  
Following opening remarks from the conveners, there were three panel presentations on the external legislative environment affecting parties and political finance and on internal party reform. The presenters addressed the limitations and advantages of various legislative measures (regulations on political finance, elections, and political parties) and their impact on parties. The presenters also discussed the challenges of party reform, based on lessons learned from the region and globally.
- Panel Presentations: Party Representatives  
A panel of party representatives gave presentations under the following themes: candidate and leadership selection; ethical standards, evaluation, and discipline; general reform efforts and financial management; and building a legislative agenda for reform. Each presenter was asked to describe an example of a reform mechanism or tactic that his or her party employed to limit corruption. The presenters described the reasons for reform, the development and implementation process, obstacles encountered, and the lessons learned from the process.

Once a framework had been established and several examples of party reform provided, on the second day of the workshop, participants engaged in intense brainstorming and discussion on reform strategies and recommendations. Participants were able to select the working group of their choice: candidate and leadership selection; financial management and fundraising; or building a legislative agenda for reform.

Following an introductory session on the aims, process, and structure of the day's activities, participants broke into three working groups. Materials from NDI and CALD's research, including descriptions of several party reform mechanisms identified, were provided as a launching point for discussion. Each group had an appointed facilitator and co-facilitator to manage discussion and report working group outcomes to the plenary.

There were two sessions in each working group. In the morning session, participants discussed the problems they have encountered with respect to corrupt practices and the needed areas for reform. The working group participants then focused on the various reform strategies developed by their parties to address those needs, sharing measures that were successful or unsuc-

cessful and compiling a list of “best practices.” In the afternoon session of the working group, participants discussed the implementation process, obstacles to reform, and lessons learned.

Following the working groups, participants briefly came together again in the plenary, and each group facilitator reported the findings and outcomes of the working group sessions, followed by an open discussion.

The aim of the final day of the workshop was to review the working group recommendations, build consensus on the suggestions, and pledge to implement reforms upon returning home. Participants also recommended future initiatives and identified needs for support and technical assistance.

### *Workshop Outcomes*

One of the most encouraging results of the workshop was, according to the participants, the enthusiasm and commitment of the party representatives at the workshop and the frank and open manner in which participants shared their experiences. One of the few non-party participants, admitted that he came to this workshop with skepticism. However, after three days his “perspective had completely changed.” He stated that he now believes that parties are sincere in their willingness to change and reform. He added that parties have been given a bad name, but based on the participation at this workshop, there is “a lot to be optimistic about.”

Despite the differences between the parties attending, few disagreements on matters of principle emerged at the workshop. Party leaders, however, sometimes had divergent perspectives on the effects of particular reforms. While almost all of those attending, for instance, agreed with the principle that contributions to parties and campaigns should be disclosed, some opposition parties feared that this could result in retaliation against themselves and their contributors. In addition, some party leaders from poorer countries were more concerned about their ability to raise funds from any source than they were about limits in campaign contributions or spending. There was also a tension between the need to decentralize party decision-making and the need to maintain ideological coherency. This was of special concern to the parties, such as those in Indonesia, facing factional strife. Some party leaders also noted that being the first to adopt reforms could put a party, at least initially, on an uneven playing field.

There was widespread agreement, however, on many issues including enhancing accountability by installing modern financial management systems and encouraging responsiveness to the electorate through public opinion

polling and greater grassroots participation in the candidate selection process. There was also a consensus that parties must move from the informal, patronage-based organizations of the past to become more professional, rule-based institutions.

With respect to external reforms, all participants agreed that a comprehensive legislative framework is essential. Every country should implement a party law, require disclosure of party finances, and provide public funding for parties. The working groups also put forward the recommendation of enforcing ethics in public office through declarations of assets and conflict of interest measures. A resounding theme from the workshop was, however, the challenge of enforcement. There seemed to be unanimous consensus that current enforcement practices were not adequate and that countries must implement more credible means of policing parties and political finance.

Participants agreed that internal reforms must take place regardless of the external environment. A participant from Cambodia said that it is essential for parties to “get their own houses in order first” before looking to outside solutions. He added that although internal reform “might not benefit your own party in the short run, parties will win in the long run.” All participants agreed to take the lead in developing a reform action plan for their parties upon returning home and expressed their commitment to continue the efforts started in this program. As a participant from Nepal noted, “The workshop cannot be a one-time program.” The workshop concluded with a call for NDI and CALD to continue their efforts through regional collaboration and technical assistance.

### *Post-Workshop Developments*

During 2002, NDI continued to work with the workshop participants in developing party-specific reform agendas and networking opportunities. Due to limited funding, NDI was only able to hold extensive workshops in two countries – the Philippines and South Korea. However, NDI held informal consultations with parties in several countries, including Indonesia, Malaysia, and Thailand. NDI and CALD also continued to provide parties with information and materials on political finance legislation, comparative political party structures and by-laws, and events in the region.

In mid-2003, NDI and CALD plan to organize “Bangkok II,” which would bring together the workshop participants again to measure progress on party reform efforts. This workshop would also include representatives from civil society, the media, and business community in order to encourage cross-sector cooperation on the issue of reform.

- Philippine Workshop

Following the Bangkok workshop, the Philippine party representatives widely agreed upon the need to reform the political party system in order to limit opportunities for corruption, strengthen parties as ideology-based institutions, and enhance public confidence in parties and the democratic process. To address this need, significant changes are required in the current legislative framework governing political parties. In response, the main national political parties in the Philippines hosted a seminar-workshop on *Political Party Reforms in the Philippines* in August 2002 to discuss the strengths and weaknesses of the current framework, review the legislative and policy options available to address these weaknesses, and build consensus on needed reforms. The National Democratic Institute for International Affairs (NDI) was invited by the organizers to provide technical assistance to the workshop, identify international resource persons for participation, and produce a comprehensive “reader” of materials for the participants.

The workshop focused on three themes:

- Regulation of Political Parties. This topic addressed the rights and responsibilities of parties, internal party structures and practices, party anti-defection mechanisms, party accountability and transparency, and monitoring and enforcement measures. Participants discussed the enactment of a political party law and outlined the necessary components of the law. Currently there is no political party law in the Philippines.
- Political Finance Reform -- regulating party financing and fundraising outside the campaign period. This topic addressed the effectiveness and limitations of limits and restrictions on donations and expenditures, declarations and disclosure requirements, public funding for parties, and monitoring and enforcement bodies. Participants discussed needed regulations and the appropriate channel for the enactment of the proposed measures. Currently there is no legislation governing political finance outside of the campaign period in the Philippines.
- Campaign Finance Reform -- regulating party and candidate financing and fundraising during the campaign period. This topic addressed the effectiveness and limitations of limits and restrictions on donations and expenditures, efforts to combat electoral fraud and vote buying, declarations and disclosure requirements, and monitoring and enforcement bodies. Participants built consensus on several necessary reforms to the current election law that governs campaign finance in the Philippines.



The participants at the workshop included political party officials from the major Philippine parties, legislators, legislative staffpersons, and representatives from civil society organizations and academia. NDI invited three international resource persons to provide a comparative perspective on the workshop themes based on experiences in other countries and globally. Through the presentations and interventions, the resource persons described the effectiveness and limitations of reform efforts in other countries. These comparative “lessons learned” aimed to help the parties determine effective and appropriate legislative and policy measures, suitable to the Philippine context.

The first day of the workshop provided both an overview of the challenges facing the Philippine party and political finance systems as well as a global perspective on party development and money politics. Following a review of the program objectives and outcomes, the political party leaders made brief opening statements. Then during the first plenary panel, two Philippine academics gave presentations on political party reform in the Philippines and the obstacles to creating transparent, accountable, and strong party institutions. Participants engaged in an open discussion about the current regulations governing parties, political finance, and campaign finance, the effectiveness of these regulations, and the needed areas for reform. Following sessions attempted to place the Philippine experience into a broader global context, and international resource persons gave presentations providing an overview of party development worldwide and identifying common problems countries face trying to limit the influence of money in the political system.

On the second day of the workshop, participants engaged in intense brainstorming and analysis. The day began with three plenary panels on the workshop themes – the regulation of political parties, political finance reform, and campaign finance reform – in order to lay the groundwork for the working group discussions in the afternoon. Following the plenary panels, participants broke into three working groups to develop reform recommendations, drawing heavily on the information disseminated in the morning. Participants were tasked with identifying and prioritizing reform needs, and building consensus on legislative and policy recommendations to address those needs. A representative from each working group then gave a presentation in the plenary on the group’s outcomes and recommendations.

On the final day of the workshop, participants came together in a “technical working group” to develop a workplan for future action. Participants discussed the versions of the draft House and Senate political party bills, agreeing that the regulations should cover the registration process, party disqualification, political party activities, party development, party mergers, and defection.

There was some disagreement on the level of internal party regulation. Some participants warned that the law should not be too detailed nor interfere too much in internal party practices. Several participants, however, argued that the law should mandate certain party practices, such as internal election procedures and general assembly meetings.

Participants also agreed that public subsidies should be provided to parties based on a variety of criteria, including the percentage of the popular vote, and that parties should be thoroughly audited on the use of their subsidy. The group recommended that the fund should also earmark money for research and training activities. Several participants suggested that there should be two separate laws – a political party law and a political fund law. The political fund law, which would include subsidies for parties, should not be considered until after the 2004 elections given concerns about voter disapproval. They recommended that congress first pass the party law to demonstrate the parties’ commitment to reform.

The group then developed an action plan for next steps. It was determined that a technical working group of legislators and legislative staff would meet with the Senate and House Committees to get a draft form of the bill on both floors before the end of the year. In addition, participants decided that a Policy Consortium on Political Reform should be formed from a network of university institutions to conduct research on political corruption and the party system in the Philippines. It was widely agreed that this research was needed to develop a more informed opinion of the current challenges and to design appropriate reform measures. Several of the leading academics at the workshop volunteered to spearhead this effort. Finally, several NGOs, including NAMFREL, the country’s leading election monitoring organization, pledged to host follow-on seminars on the issue of political party reform and launch public education campaigns on the proposed legislation. The participants called upon NDI and other international organizations to continue to provide assistance to these efforts.

- South Korea Workshop

In cooperation with Transparency International Korea (TI-K) and the International Cultural Exchange Association (ICEA), NDI organized a workshop in Seoul on *Strategies and Tools to Improve Transparency in Political Finance in Korea*. At the Bangkok workshop in January 2002, South Korean participants expressed their desire to “build consensus and trust” between parties and other sectors in South Korea through increased dialogue on the issue of corruption. NDI, TI-K, and ICEA responded by organizing this workshop to bring together representatives from the main political parties with leaders from

NGOs, media, government enforcement bodies, and the private sector to discuss the strengths and weaknesses of the current framework governing political finance and review the reform options available to address these weaknesses.

It is widely acknowledged that money dominates the political process in South Korea, and the public has demanded enhanced transparency and accountability in political finance practices. Political parties themselves also recognize the need to reform party finance and fundraising procedures in order to limit opportunities for corruption, strengthen parties as ideology-based institutions, and enhance public confidence in parties and the democratic process. However, the country's political parties and civil society forces, such as watchdog NGOs and the media, have not collaborated on issues of reform, and the growing polarization between the various sectors is problematic. Civic groups, the press, and government enforcement bodies accuse parties of being incurably corrupt, and watchdog NGOs have exposed politicians in well-publicized "black-listing" campaigns. Parties, in turn, accuse the media and certain NGO movements of being "irresponsible" in their accusations, arguing that they fail to take into account the realities of the cost of elections, the strong patronage system in South Korea, and the societal demands placed upon parties and politicians.

The aim of this workshop, therefore, was to bring together representatives from different sectors of Korean society, representing a variety of views on political finance reform needs, to share their perspectives and attempt to build some common ground. The workshop provided an opportunity for participants to discuss the problem of political corruption, develop a better understanding of the challenges, and foster consensus on key issues. International resource persons were invited to provide a comparative perspective on the workshop themes based on political finance reform experiences in other Asian countries.

There were approximately 40 participants at the workshop, invited from political parties, NGOs, media, academia, the business community, and government, with participation slightly weighted toward Members of the National Assembly and NGO representatives. An informal, roundtable format was used in order to encourage open discussion and debate.

The keynote address and the first session laid the groundwork for the workshop by providing an overview of current political finance practices and existing problems with political corruption in South Korea. Speakers described party fundraising practices, sources of political funds, and the current legislative regime governing political finance. The following panel addressed the role of political parties in political finance reform. Speakers and participants described

the actions parties must take to improve transparency in political finance practices and to ensure compliance with existing regulations.

Participants then focused on the role of legislation and reviewed the current legislative and policy mechanisms used to regulate political finance, specifically the political party act, political fund act, anti-corruption law, and election law. The final session of the first day addressed the role of the private sector in political finance reform, and presenters described the influence of the private sector in party practices, campaigns, and policy-making.

On the second day of the workshop, participants discussed the role of NGOs and the media in reform efforts, focusing on issues such as investigation techniques, reporting, and neutrality. The roundtable then addressed the role of enforcement bodies – the election commission, the courts, the public prosecutor’s office, and the anti-corruption commission -- in limiting corruption in political finance practices.

Overall the roundtable was a success for identifying several of the key challenges to political finance reform in Korea. Participants all appreciated the complexity of the problem and acknowledged the role that every sector plays in enabling corrupt practices. In particular, the discussion about party membership and volunteerism was important, and many of the NGOs agreed that they must be careful to not discourage citizens from joining political parties, as that only hinders reform. The conversation about the relationship between corporations and political parties was also extremely interesting. The politicians present were astonished to learn that the business community believed that it was the victim of pressure by the parties for funding. The business representatives, in turn, were surprised to hear that the politicians felt pressure from them. Dialogue of this nature between diverse stakeholders was the main aim of the workshop.

There was also widespread agreement on the following issues:

- Political parties have a responsibility to enact measures that enhance transparency of party financial accounts, such as popularly elected party financial committees and membership access to financial records.
- Parties should start devolving more authority from party headquarters to branch offices to improve accountability to constituents.
- When revising party disclosure provisions, mechanisms must be implemented to protect opposition parties from government retribution.
- The current government subsidy provisions must be reviewed, and subsidies should be permitted only for certain party expenditures and should be subject to rigorous audits.

- Ceilings on spending and donations often work against disclosure and incentives must be developed to encourage accurate reporting.
- The influence of big businesses in policy-making should be a central focus of political finance reform efforts. Several participants suggested that corporations report all political donations to their labor unions and boards of directors.
- The NGO community must play a greater role in civic education -- legislation cannot be effective without changes in society's attitudes and behavior.
- Standardized financial forms and single party accounts are needed to enable the political finance monitoring process. Participants agreed that the election commission had a responsibility to simplify and streamline reporting procedures.
- The election commission should be empowered with greater judicial rights, such as the prosecutorial powers of the Election Commission of Thailand.

The NGO participants also agreed on five proposals: the establishment of an investigating office for officials; the development of a committee to monitor all political fund transactions; an amendment to the Public Service Ethics Act; an amendment to the Money Laundering Act; and an amendment to the Political Fund Act. The parties have agreed to review these proposals.

## CONCLUSION

Parties in Asia are widely recognized as participants in the political corruption that hinders countries' economic and democratic development. They are also, however, home to many reformers who want good governance to prevail, and several parties have taken steps toward democratizing and strengthening their internal structures. These reforms, in some countries, have led to more democratic processes for selecting candidates and leaders, more transparent financial management and fundraising practices, and enhanced ethical standards and disciplinary procedures.

The positive effects of internal party reform go beyond strengthening the political party system. Party practices and conduct influence the behavior and operating procedures of a country's leaders and legislators, as most of them started their careers in the party system. Internal party reform helps build the political basis for national reform efforts, and the support of parties is usually essential in the passage of reform legislation. Laws attempting to limit political corruption are also extremely difficult to enforce if parties are unwilling to cooperate and are exploiting various loopholes. Parties' commitment to compliance is necessary for regulations to be effective.

Reforming their internal practices will also help parties build public trust in the democratic process. Across Asia, citizens have little confidence in parties as effective political institutions, as many parties have failed to serve their central role of representing the needs and interests of their communities. In addition, the public holds parties responsible for continued corruption and economic instability in their countries. Many believe the political party system, an essential element of a democracy, has failed them and forced them to turn to informal systems, such as civic groups or wealthy patrons, to fill the vacuum. Some have even expressed their preference for more authoritarian forms of government to replace the failing democratic system and institutions. The need to strengthen and reform the party system is, therefore, essential for democracy to deepen and efforts should be made to support parties in this process.

---

<sup>1</sup> Philp, Mark, "Defining Political Corruption," *Political Studies*, XLV, 436-462, Political Studies Association (Oxford: Blackwell Publishers, 1997).

<sup>2</sup> Pujas, Veronique and Martin Rhodes, "Party Finance and Political Scandal in Latin Europe," Working Paper RSC No 98/10, European University Institute, 1998.

<sup>3</sup> Philp, 1997.

<sup>4</sup> See Donatella Della Porta, "Political Parties and Corruption: 17 Hypotheses on the Interactions Between Parties and Corruption," Working Paper RSC No 2000/60, European University Institute, 2000.

<sup>5</sup> Porta, 2000.

<sup>6</sup> Vannucci, Alberto, "Corruption, Political Parties, and Political Protection," Working Paper RSC No. 2000/62, European University Institute, 2000.

<sup>7</sup> Center for Responsive Politics, "Money in Politics Reform: Principles, Problems, and Proposals," 1996.

<sup>8</sup> Shugarman, David P., "Combating Corruption: Regulating the Funding of Political Parties," Paper presented at the 8th International Anti-Corruption Conference (IACC).

<sup>9</sup> The Center for Responsive Politics, 1996.

<sup>10</sup> Nassmacher, Karl-Heinz, "Party Funding in Established Democracies," International IDEA Conference Paper, April, 2001.

<sup>11</sup> Nassmacher, 2001.

<sup>12</sup> Pujas and Rhodes, 1998.

<sup>13</sup> Pinto-Duschinsky, Michael, "Handbook on Funding of Parties and Election Campaigns: Overview," International Idea, 2001.

<sup>14</sup> Interview with Election Commission of Thailand, February 2002.