

THE NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIR (NDI)
THE COUNCIL OF ASIAN LIBERALS AND DEMOCRATS (CALD)

PARTY-ON-PARTY MONITORING OF ASIAN ELECTORAL CAMPAIGNS

TAIWAN | SOUTH KOREA | PHILIPPINES | INDONESIA

FINAL REPORT

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The **Council of Asian Liberals and Democrats (CALD)** was inaugurated in Bangkok in 1993, with the support of Thailand's Prime Minister Chuan Leekpai and South Korea's Kim Dae Jung. CALD is the only regional alliance of liberal and democratic political parties in Asia and offers a unique platform for dialogue and cooperation. The chair parties of CALD since its inception to the present have been the Liberal Party of the Philippines (1997-1999), the Liberal Party of Sri Lanka (1999-2000), the Sam Rainsy Party (2000-2002), the Democrat Party Thailand (1993-1995, 2002-2004) and the Democratic Progressive Party of Taiwan (1995-1997, 2004-present).

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INTRODUCTION

Summary

Across Asia, where the damaging effects of corruption have been strongly felt, there is heightened awareness of the linkages between corruption, stability, and political party practices. In particular, where party and campaign financing lack transparency, money politics thrives and political elites can reap economic benefits at the expense of the majority. Embedded patronage and collusive relationships in party and electoral politics have not only distorted economic practices but also diminished the value of elected representation and undermined the rule of law, eroding public confidence in the democratic process.

Electoral campaigns are an especially critical time in which money politics, patronage, and illegal transactions flourish. During this period, parties and politicians consolidate their resources, select their candidates, fundraise, and employ diverse tactics to secure voter support. Aware of the potential problems posed during electoral campaigns, countries have devised numerous approaches to managing and monitoring the election period. These methods usually include the establishment of electoral administrative bodies, use of local and international observers, and implementation of voter education campaigns. Most oversight efforts are carried out by non-political actors, such as NGOs or government institutions.

Although political parties often employ their own monitors, sometimes called polling agents, to serve as a check on their competitors, there have been few efforts to involve more neutral peers, namely politicians and party representatives from other countries, in the observation process. Political counterparts from other countries can serve to place campaign practices in a broader context and assess them by international standards. In addition, these observers have the unique position of being non-partisan, as they are outsiders, yet empathetic because they are political actors who have also experienced the challenges of conducting campaigns, raising funds, and complying with legal obligations.

In 2004, the National Democratic Institute for International Affairs (NDI) and the Council of Asian Liberals and Democrats (CALD) continued their political party reform program in Asia, supporting parties' efforts to strengthen internal democracy and accountability and address the challenges of financing politics. Importantly, the program also aims to include parties in regional anti-corruption dialogue and activities. In this recent phase of the program, NDI and CALD provided opportunities for party leaders and reformers to follow up on the progress made by the political parties represented in previous program events, such as conferences held in Bangkok in 2002 and 2003, by organizing party-to-party consultations and observation missions. A select group of party representatives traveled to four elections in the region to observe the campaigns of their counterparts, reinforcing the lessons learned and pledges made at previous regional events and monitoring progress on political finance and party reform.

This report documents the pre election assessment missions and attempts to highlight significant reforms in each country. The report briefly describes the campaign environment, the main campaign issues, and the candidates. Because the NDI-CALD program addresses corruption and political finance, the report summarizes the legal framework governing political parties and, specifically, campaigns and campaign finance. A significant objective of the assessments was to ascertain the realities of electoral campaigns, such as the cost of elections, sources of campaign funds, fundraising practices, and main campaign expenditures. Thus, the report describes actual practices, based on the teams' interviews. Although the missions emphasized campaign practices, the teams also documented general efforts made by parties to enhance accountability, transparency, and democracy in internal systems and procedures year-round. Naturally, dominant concerns and issues varied from country to country, so each chapter has a unique emphasis and may provide greater detail in different areas.

NDI-CALD Regional Program Rationale and Background

Corruption poses a threat to economic growth, democracy, and political stability, in countries across the globe at all stages of political and economic development. In Asia, in particular, political corruption has taken on a new prominence in public discourse due to its devastating impact on public confidence in political and economic institutions. Actors from all sectors, including political parties and political party leaders, are increasingly recognizing the need to develop more effective strategies to control the influence of money in politics and monitor political finance.

Political parties, in particular, are acknowledging their central role in both the problem of and solution to political corruption. Whether motivated by a principled commitment to the ideals of good governance or by more practical considerations of political survival and electoral appeal, political party leaders across Asia are prioritizing reform efforts. In some cases, party leaders have provided substance to their reform rhetoric, supporting national political finance legislation as well as implementing specific measures such as codes of conduct, declarations of assets, and other changes that promote greater transparency within party operations and increase accountability of party structures.

Despite this new recognition within Asian political parties of the need to make parties more accountable and the financing of politics more transparent, often parties are not included in larger dialogues on political corruption and money politics at the national and regional levels. Increased efforts are needed to bring parties into the anti-corruption debate and to support party reform initiatives.

For these reasons, the National Democratic Institute for International Affairs (NDI) and the Council for Asian Liberals and Democrats (CALD) launched a program in Asia on *Political Party Strategies to Combat Corruption* in March 2001. Its purpose was 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 explored the challenges facing parties with respect to party financing, national legislation and regulations, and evolving public expectations.

In the first stage of this program, NDI and CALD conducted research to identify existing party reform strategies, whether voluntarily adopted or mandated by external legislation. This research took place in eight countries: Cambodia, Indonesia, Malaysia, Nepal, the Philippines, South Korea, Taiwan, and Thailand. NDI and CALD first examined the external environment in which parties function, including the country's current political climate, governance and electoral systems, legislation governing parties, and problems with political corruption. Most importantly, however, the research focused on internal political party reforms, and the parties 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.

Building upon the research, the program brought together 28 Asian political party representatives in Bangkok in January 2002 (Bangkok I) 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 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 Parti Keadilan of Malaysia. They also represented great diversity in their financial conditions, ideologies, and levels of organizational development.

Despite these differences, few disagreements on matters of principle emerged at the workshop. Parties agreed, for example, that enhancing accountability by installing modern financial management systems was essential and that parties should also make efforts to improve their financial transparency through public disclosure of their accounts. Participants also pledged to involve the electorate in decision-making and the candidate selection process through public opinion polling and constituent outreach at the grassroots level. 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.

Following Bangkok I, NDI consulted with Asian political party leaders to design a workplan for future activities. Party representatives determined that although the regional exchange was extremely useful in laying the groundwork for political party reform, the next phase of the program should focus on national efforts. Each country is at a different stage of democratic consolidation and the parties face unique challenges to reform. Several parties approached NDI with specific requests for activities in their countries.

Although NDI originally proposed to work in all eight countries, budgetary constraints

limited the Institute's substantial involvement to two countries. In each country the proposed activities were different, based on the needs of the parties and the national climate. In the Philippines, for example, party reform efforts have been focused on drafting a much-needed political party and finance law. In South Korea, parties requested NDI's assistance in building understanding between parties and the vibrant NGO community on issues of reform.

Although limited to working in only a few places, NDI continued to collaborate with all the party representatives who participated in the Bangkok I workshop, drawing upon their expertise for events in the region. In addition, NDI employed a regional approach in all its country activities by calling on party representatives from other Asian countries to participate as resource persons or observers. NDI also served as a resource center for parties, responding to constant requests for materials, such as copies of legislation, analyses of political finance reform approaches, and sample party documents and by-laws.

In the third phase of the program, NDI documented progress made in implementing the internal reform recommendations pledged at the January 2002 Bangkok workshop, identifying best practices from the eight program countries: Cambodia, Indonesia, South Korea, Malaysia, the Philippines, Nepal, Taiwan, and Thailand. Following the documentation process, NDI and CALD held a second regional workshop, Bangkok II, at the request of the parties participating in the program. At the first Bangkok workshop, one of the key recommendations was for an "annual review." One objective of the second workshop was, therefore, to review party reform progress and allow parties to share their experiences and successes with their colleagues.

Another objective of the second workshop was to expand participation in the party reform debate by including representatives from NGOs, media organizations, academia, and the business community. As participants in the first Bangkok workshop pointed out, parties alone cannot address problems of corruption without the aid of other groups. Moreover, it is evident that, to date, political parties have not been successful at communicating their reform agendas to the public, and hostility toward political parties and politicians from outside groups has engendered mutual distrust. Therefore, the workshop attempted to build consensus among different groups on effective and realistic ways to enhance the democratic nature of parties and reduce political corruption. At the close of Bangkok II, participants requested ongoing monitoring of progress in party reform, and several participants suggested that this would be most effectively accomplished through "peer-on-peer" follow-up.

2004 Pre Election Assessment Program

Objectives and Structure

At Bangkok II, held in August 2003, several participants recommended the formation of a small monitoring group of party representatives to continue to collect information

regularly on internal and external reforms. This regional team could examine progress on reforms to party candidate and leadership selection processes, party financial disclosure procedures, and national legislation on parties and political finance. The group could also conduct assessment missions to various countries prior to their national elections in order to observe campaign practices, ascertain the financial requirements and challenges during an election year, and interview party leaders about any changes in internal party management or systems. Participants requested that NDI and CALD help organize this effort.

The scheduled elections across Asia in 2004 presented a timely and unique opportunity for NDI and CALD to respond to this request. NDI and CALD established “party-on-party” monitoring groups to observe the campaign periods in four countries, with a total of three presidential elections and two legislative elections (the Philippines holds its presidential and congressional elections simultaneously). In this program, a team of three to four party representatives from Asia spent one week during the campaign period in Taiwan, South Korea, the Philippines, and Indonesia, meeting with party officials, candidates, NGOs, academics, journalists, businesspersons, and government officials. For the legislative elections, the team spent time with a candidate, joining campaign events and programs. For presidential elections, the team observed general campaign activities and met with presidential candidate advisors.

The members of the team included party representatives from Thailand, the Philippines, Cambodia, Malaysia, Taiwan, and South Korea. Team members were selected based on their involvement in previous phases of the program, their participation in reform activities within their own parties, and their availability. (See Appendix One for the biographies of participants.) The team members from the Philippines, Taiwan, and South Korea did not participate in the assessment in their own country. NDI and CALD provided background documentation on each election, briefed the team, and organized all interviews.

Methodology

The primary target of the mission interviews were political party officials, campaign workers, and candidates. Interviews were organized with the main parties or campaigns participating in the election, with an emphasis on political parties that had participated in past NDI-CALD regional initiatives. In a few cases, the team was unable to secure a meeting with a party due to busy campaign schedules and the limited mission timeframe. Although interviews for each mission varied, team members were usually able to meet at least one senior party representative, such as the party leader, secretary general, executive director, or secretary for administration. The teams also met with candidates, members of parliament, and known reformers in the party, including youth wing members.

Although interviews with candidates, campaign managers, and political party officials 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 election commission; representatives of the media; international observers from foreign missions or aid agencies; and businesspersons.

Each mission followed a similar survey, which suggested key areas for questioning and served as a guide for the interviews. NDI also provided a form to all team members to aid in the documentation process. (See Appendix Two for sample questionnaire/guidelines and documentation form.) Despite these guidelines, each interview during the missions was unique. The aim of each team was to be flexible and allow the conversation to flow in the direction of interest to the interviewee. Although NDI and CALD would first introduce the team and describe the mission objectives, team members were encouraged to “jump in” with their questions, and there was no fixed structure to the questioning.

There were clearly some lines of questioning that the respondents felt more comfortable not discussing. In several cases, the interviewees requested anonymity or asked that the interview take place off the record, and the teams respected these wishes. Interviews also varied in length. Some meetings ran as long as three hours, particularly when the team was on the campaign trail with a candidate, while others lasted less than 30 minutes. Consequently, each country chapter unavoidably varies in length and level of detail.

Findings of the study largely reflect the perspectives and opinions of the party representatives and politicians interviewed. Certainly the respondents wanted to present their candidates and campaign in a favorable light, sometimes exaggerating reform accomplishments. Most interviewees, however, were forthright in discussing their parties’ shortcomings and the challenges posed by corruption. Given that the entire basis of the program was to create “peer-on-peer” monitoring, many interviewees reported a higher level of comfort discussing the campaign, fundraising practices, and legal hurdles to other politicians and party representatives.

The Missions

- Taiwan: Presidential Elections, March 2004

The executive branch in Taiwan (ROC) consists of a president and vice president, popularly elected on a single ticket since 1996, and a cabinet appointed by the president. The executive serves for a four-year term, although the public is provided with the “right of recall.” Recent presidential elections were held on March 20, 2004. Incumbent Chen Shui-bian was the presidential candidate and Vice President Annette Lu was his running mate for the ruling Democratic Progressive Party (DPP), the so-called “Pan-Green” camp. In the “Pan-Blue” camp, Kuomintang (KMT) Chairperson Lien Chan and People First Party Chairperson James Soong ran for president and vice president, respectively.

The President and Vice President Election and Recall Law (PVPERL) places certain requirements on candidates and political parties during the period of electoral campaigns, including limits on donations and spending. Responsibility for elections in Taiwan is vested in the Central Election Commission (CEC). It is widely acknowledged that the political parties violate the relatively minimal regulations, and as a result there is very little transparency in the funding and spending of parties and campaigns. The election commission, for example, recognizing the futility of trying to enforce the donation and spending limits, lifted these restrictions for the 2004 elections.

Both the former ruling party in Taiwan, the KMT, and the current ruling party, the DPP, have been active participants in the NDI-CALD regional party reform program since its inception in 2001. Both parties have spearheaded several internal reforms to enhance democracy within their structures by implementing primary processes, using public opinion polls, and opening decision-making to members. The parties have been, however, less successful in demonstrating financial transparency, clean fundraising practices, and adherence to disclosure requirements. The mission, therefore, explored improvements in the parties' efforts to comply with existing legislation and adopt measures to revamp the ineffective campaign and political finance laws.

- South Korea: National Assembly Elections, April 2004

The legislative branch of South Korea is the unicameral National Assembly. The electoral system is a mixed system that includes single-member constituencies and proportional representation through party lists. Voters elect 243 National Assembly persons through single member districts on a first-past-the-post basis, and 56 members are elected through a proportional, closed party list system. Previously, the party list was determined based on votes cast in the district system. In 2004, for the first time, Korea mandated a two-vote system: one for the district candidate and one for the party.

Three main parties participated in the 2004 National Assembly election: the Grand National Party (GNP); the Uri Party (Our Party); and the Millennium Democratic Party (MDP). In the last National Assembly elections in 2000, the GNP won 133 seats and the MDP won 115 seats, with the smaller United Liberal Democrat Party (ULD) gaining only 17 seats. In September 2003, due to political infighting, a faction of the MDP allied with President Roh Moo-hyun broke party ranks and established the Uri Party, thus becoming the de-facto ruling party with 47 seats in parliament.

The Act on the Election of Public Officials and the Prevention of Election Malpractices (amended in 2000) creates the framework for electoral competition in South Korea and establishes the National Election Commission (NEC) as the oversight body for all elections. The NEC sets income and expenditure limits and requires each candidate or election campaign to appoint an accountant to maintain a record of all financial transactions. The NEC also imposes strict regulations on parties year-round. Despite the rigorous legal framework in South Korea that regulates political party competition, there has historically been an enormous gap between political competition as defined by the law and

political competition in practice. According to politicians, government officials, and civic activists, breaking the law, rather than adherence to the law, was the norm in South Korea. Corruption scandals, slush funds, and collusion dominated elections and politics.

In 2004, however, Korea has experienced tremendous changes in its political finance regime. A combination of tough leadership, enhanced power for prosecutors, exposure of corruption scandals, public outcry, and legislative reform has paved the way for cleaner political practices. Party officials and outside observers alike acknowledged the near impossibility of a continuation of the corrupt financial and campaign practices of the past and have adopted measures to comply with the laws. As a result, fundraising has been severely curbed and campaign expenses have plummeted.

The South Korean political parties involved in the regional program – the GNP and the MDP – have both pledged to enhance transparency in the campaign and democratize internal party practices. Both parties experimented, for example, with party primaries to determine National Assembly candidates. The parties have also had little choice but to clean up their fundraising and spending practices given the increased oversight in 2004. The mission aimed to explore and understand the remarkable changes in Korean political finance practices and the effects on the parties and campaigns.

- The Philippines: Presidential and Congressional Elections, May 2004

The president is the head of state in the Philippines and is nationally elected in a first-past-the-post system to serve one six-year term. The Philippines has a bicameral legislative system. The upper body is the 24-member Senate. Senators are nationally elected in a first-past-the-post system to six-year terms and are prohibited from serving more than two consecutive terms. Half of the Senate seats are contested in mid-term elections held every three years. The lower body is the House of Representatives, which includes 209 representatives who are directly elected from single-member constituencies. Representatives serve three-year terms and are restricted to serving no more than three consecutive terms. In the 2004 elections, incumbent President Gloria Arroyo and former actor Ferdinand Poe Jr. were the two main contenders for president. Multiple parties fielded candidates for the Senate, House, and local bodies.

The Synchronized Elections and Electoral Reforms Law of 1991 establishes expenditure and contribution limits for candidates and requires parties to file comprehensive financial reports with the election commission, COMELEC. In practice, however, election and campaign finance laws are rarely enforced. COMELEC's oversight of the finances of candidates and political parties, in particular, is severely impaired. Candidates' financial statements are rarely examined despite considerable public doubt about how accurately they report actual expenditures. In addition to having problems verifying financial statements, COMELEC also often lacks the capacity to enforce the submission of such statements in the first place. Corruption also plagues the election process. Vote buying is widespread, and patronage also plays an important role in the

candidate selection and campaign fundraising processes, with wealthy elites sponsoring candidates as an investment for future rewards.

Exacerbating these problems, Philippine political parties are considered to be marginally important organizations. The parties are poorly funded, serve essentially no role outside the campaign period, and are personality-driven, oriented around candidates who switch parties frequently. Although Philippine political parties have a small core group of committed party loyalists who have strong personal or ideological ties with the party, most citizens do not identify with a particular party. Moreover, parties are not essential for campaigns, as many contenders do not need a party's nomination and simply run as an independent, form their own party, or represent a loose coalition.

The Philippine political parties involved in the NDI-CALD regional program – the Liberal Party (LP), Lakas Party, Nationalist People's Coalition (NPC), and Laban ng Demokratikong Pilipino (LDP) – have all pledged to enhance transparency in campaign finance practices and to take action against party candidates who buy votes. Several Philippine parties have also pledged to strengthen their parties as institutions and rely less on the financial support and reputation of individual leaders. The parties are attempting to implement more formal rules and procedures for selecting candidates and consolidating campaign donations through party accounts.

The mission specifically focused on the presidential campaigns of the two main contenders. Given widespread concern about the country's election preparedness, the team also concentrated on the challenges facing COMELEC and the impact on the major campaigns. In addition, the team sought to identify any reforms in political finance and campaign practices in the country, and investigate progress made by the Philippine parties to strengthen their institutions and solidify their support bases.

- Indonesia: Presidential Election, First Round, July 2004

The July 2004 presidential election was the first direct election for the head of state and government in Indonesia's history. The Law on the General Election of the President and Vice-President was passed by the People's Representative Council (DPR) on July 8, 2003. The law provides for a two-round system. A ticket is declared elected only if it receives more than fifty percent of the total vote and at least twenty percent of the vote in at least half of the more than thirty provinces during the first round. If no ticket crosses these thresholds, then the top two vote-getting tickets enter a runoff second round election.

The April legislative elections served as a filter for the presidential election, as only those parties or coalitions of parties that received three percent of DPR seats or five percent of the national DPR vote could nominate tickets of candidates for president and vice-president. The parties that qualified included Golkar, Partai Demokrasi Indonesia Perjuangan (PDI-P), Partai Kebangkitan Bangsa (PKB), Partai Persatuan Pembangunan (PPP), Partai Demokrat (PD), Partai Keadilan Sejahtera (PKS), and Partai Amanat

Nasional (PAN). The main contenders for president were: Megawati Soekarnoputri for PDI-P; Amien Rais for PAN; Hamzah Haz for PPP; and Susilo Bambang Yudhoyono for PD.

The presidential election law establishes campaign finance provisions, which have been noted as generally weak. The law does not stipulate an overall limit on campaign income or expenditure, and there are no limits on campaign spending by candidates, parties, or coalitions. Individual contributions, however, are limited, and any contribution that is more than Rp5 million (approximately \$600) must be declared to the election commission (KPU) with the donor's identity.

The historic first presidential election presented a unique opportunity for the NDI-CALD team to observe and evaluate the implementation of an entirely new electoral framework and the ability of the political parties to adhere to the new laws and requirements. The team also sought to examine any steps taken by the parties that had participated in the regional program -- PPP, PDI-P, the Golkar Party, PKS, PAN, and PKB -- to implement their commitments to strengthening party transparency and democracy.

TAIWAN PRE ELECTION ASSESSMENT MISSION PRESIDENTIAL ELECTIONS MARCH 2004

NDI-CALD Mission

The National Democratic Institute for International Affairs (NDI) and the Council of Asian Liberals and Democrats (CALD) organized a pre election party-on-party assessment mission in Taiwan from March 8 to 13, 2004. Mission participants included: Chito Gascon, Under-Secretary of Education in the Philippines and Chair of the Liberal Party's Commission on Public Policy and Advocacy; Son Chhay, a member of the Cambodian parliament representing the Sam Rainsy Party; and Prakob Chirakiti, Director of the Democrat Party of Thailand and former MP. John Coronel, Executive Director of CALD, and Laura Thornton, Senior Program Manager from NDI, led the mission. In addition, NDI's Director of Asia Programs, Peter Manikas, participated in the mission.

In this program, the team spent one week during the campaign period in Taipei, meeting with party leaders and campaign advisors. Both the former ruling party in Taiwan, the Kuomintang (KMT), and the current ruling party, the Democratic Progressive Party (DPP), have been active participants in the NDI-CALD regional party reform program since its inception in 2001, and arranged meetings with their headquarters. The team also met with NGO representatives, foreign diplomats, government officials, journalists, and academics. The program's objectives and methodology are outlined in the introduction to this report.

Presidential Campaign

The executive branch in Taiwan (ROC) consists of a president and vice-president, popularly elected on a single ticket since 1996, and a cabinet appointed by the president. The executive serves for a four-year term, although the public is provided with the "right of recall." This year's presidential elections were held on March 20, 2004.

Incumbent Chen Shui-bian was the presidential candidate for the ruling Democratic Progressive Party (DPP), the so-called "Pan-Green" camp, referring to the party's chosen color. There was disagreement among the various factions of the DPP regarding Chen's vice presidential pick. Several party leaders supported the nomination of Taipei county administrator Su Tseng-chang or Kaohsiung mayor Frank Hsieh. Chen, however, chose Vice President Annette Lu as his running mate.

The "Pan-Blue" camp represented an alliance of two former political foes, Lien Chan and James Soong. In 2000, the KMT suffered a crushing defeat when the party divided over the choice of a presidential candidate. Lien Chan, then deputy leader, was selected as the KMT presidential candidate, but the popular governor of Taiwan province, James Soong, also sought the KMT nomination. Frustrated by what he believed was a

personalized party nomination process, Soong left the KMT and ran as an independent candidate for president, splitting the KMT's support, and eventually becoming chairperson of the People First Party. In the ensuing presidential race, Lien Chan received only 21 % of the vote, being outpolled by both Chen Shui-bian of the DPP (38%) and James Soong (35%). The KMT's public approval ratings dropped to an all-time low, and for the first time in more than 100 years, the KMT found itself outside of the executive branch of government, a situation thought unlikely only a few years earlier. Determined not to repeat the mistakes of the past, in 2004, Lien Chan and James Soong joined together and ran for president and vice president, respectively.

At the last publication of polling results, 10 days prior to the election, the two camps were "neck and neck." KMT polling on March 9 revealed that 40% of voters supported the Blue camp, 33% supported the Green camp, and 21.2% were undecided. DPP polls on March 6 found that 39.1% of respondents supported the DPP, and 38% supported the KMT. However, when asked who people thought would win, 36.3% said the KMT, and only 30.3% said the DPP. Given that approximately 20% of those polled by both parties remained undecided, many observers noted that much of the election would depend on voter turn-out and last minute campaigning. As such, in the weeks before the election, the candidates were fiercely wooing the "middle voters" by mobilizing the morale of key support groups in order to sway other voters, what one KMT official termed the "rub-off effect."

Taiwan campaigns are highly sophisticated, and 2004 was no exception. Moreover, with the closeness of the race, both teams spared no expense on their campaign activities. Both campaigns had well-staffed offices with call-in centers, publication divisions, youth rooms, cafes, and training seminars. The campaign offices had state-of-the-art polling systems with statisticians and experts on staff. The campaign rallies were highly developed entertainment events with multi-media presentations, bands, sound and light shows, and well-orchestrated speeches. The planning, creativity, and substantive research that went into both campaigns were remarkable.

Without an obvious front-runner, observers predicted close election results and, possibly, subsequent instability. In addition, both camps anticipated whoever lost would protest of the results and acknowledged the possibility of post-election chaos. Given these concerns about possible violence, the Ministry of Interior (MOI) dispatched a police force throughout the country, covering 17,000 polling stations.

Strategies and Issues

The main issues in the campaign concerned national identity, the status of Taiwan and its relationship with China, political reform, and the economy. The two camps, however, emphasized different themes. The DPP platform focused on, in the words of one foreign diplomat, "the hearts of Taiwan." The issue of national identity was foremost in the DPP campaign, particularly with the party's promotion of a referendum. The Green camp also stressed its reformist credentials and reputation as the more "democratic" party. The

Lien-Soong team emphasized the state of the Taiwanese economy and sharply criticized the Chen government for failing to deal with the recession and to curb SARS. The Blue camp argued that it had superior management experience, knowledge of government, and ability to negotiate with China. They accused the DPP of running, in the words of one official, “an emotional campaign instead of a rational one.”

- Taiwan’s Status, Identity, and the Referendum

The issues of national identity and the status of Taiwan have defined politics in the country for decades and dominated the 2004 campaign. When the Republic of China (ROC) was established in 1912 it included the mainland and Taiwan, under one ruling. In 1945, Chiang Kai-shek, representing the KMT, and the Chinese Communist Party (CCP), led by Mao Ze-dong, engaged in a civil war for control of the government. Losing to the CCP, in 1947, Chiang Kai-shek’s government was forced to flee the mainland to the island province of Taiwan, where it continued to call itself the Republic of China (ROC). China, however, never recognized the Chiang government, and in 1949, when the People’s Republic of China (PRC) was established on the mainland, it theoretically included Taiwan. Meanwhile, until 1991, the KMT continued to consider itself the legitimate government of China, although the entire mainland was occupied and controlled the Communist Party. The KMT viewed its relocation to Taiwan as a temporary tactical move, from where the KMT would continue to wage the struggle against the Communist Party and eventually regain control of the mainland. Indeed, most of the international community recognized the KMT government as the legitimate government of China into the 1970s.

One KMT official tried to clarify the parties’ differing positions, based on this historical context. The Taiwan Solidarity Union (TSU) is a pro-independence party and supports the establishment of the sovereign Republic of Taiwan (ROT), separate from China. The DPP is in favor of the so-called “status quo,” remaining the Republic of China, but “moving toward ROT.” The KMT supports the ROC, with the aim of having Taiwan become the legitimate government of mainland China. Meanwhile, the PRC is pressuring for “one China” under their leadership. Officials from all parties, however, acknowledged the influence of the “median voter theorem,” where during elections all parties must gravitate toward the status quo.

Although, the KMT believes that the ROC should be the legitimate government of both Taiwan and China, party officials emphasized that they would only advocate unification “with democracy and peace on the mainland.” According to KMT polls, public opinion has in fact shifted away from unification with China and toward independence. In 2003, 12.9% of the population wanted unification with China, down from a quarter of the population in 1996. In 2003, 21% of the population was pro-independence, up from 11% in 1995. Party officials recognized the need to balance these interests. As one official said, “Let time decide. We should keep our options open – we do not support independence and we do not rule out unification.” KMT leaders argued that demands for independence, however, were an “exercise in futility.” All hope for independence was lost, according to

KMT officials, when the ROC was kicked out of the UN in 1971 and the United States recognized the PRC in 1979.

Central to the debate on Taiwan's status was a decision by the DPP-led government to hold a referendum. Initially, this was proposed as a "preventive referendum," which was rejected by the United States. The Chen government then used the term "defensive referendum," which was also rejected. The referendum that was ultimately approved was the so-called "peace referendum." On December 31, 2003, the Referendum Law was promulgated and entered into force. It included two questions for voters. First, if China does not withdraw the missiles aimed at Taiwan and renounce the use of force, should Taiwan purchase more anti-missile weapons to strengthen its defense capabilities? Second, should Taiwan and China begin negotiations to push for the establishment of a cross-strait framework for peace and stability?

KMT officials argued that these questions were not only "ridiculous" and unnecessary but also a red herring. KMT officials claimed that the DPP recognized that even if the majority of voters answered "no" to the two questions, the government would naturally continue to purchase missiles and pursue peace with the mainland. The referendum was a red herring because, KMT leaders argued, it simply detracted attention from the "real issues." The referendum also drew criticism because according to the law, the president can only initiate a referendum in the case of a "national emergency," when the country is under immediate threat. Many disputed that the current situation in Taiwan qualified as a national emergency, as there had been no change in the external threat that China has always posed.

Moreover, outside observers explained that the referendum debate was part and parcel of the DPP campaign, and it was difficult for voters to distinguish between which referendum activities were government related and which comprised DPP campaign efforts. For example, the DPP supported the government-organized "2/28 campaign," on February 28, commemorating the date of China's "last aggression." People turned out across the country to hold hands in a demonstration of peace. DPP paraphernalia blanketed this event, and, as one academic said, most people assumed it was a DPP campaign activity, instead of a neutral government event.

Observers also complained about the actual referendum voting process. The referendum took place simultaneously with the presidential vote, and voters therefore could select two ballots at the polling station. The two ballots garnered criticism for violating voter privacy. Since voters were not obligated to vote for the referendum, if a voter picked up both ballots, she revealed her decision to participate in the referendum. Therefore, social pressure or punishment could occur. Both KMT and DPP officials did agree, however, that it was unlikely that the referendum would succeed. For the referendum to pass, a majority of all 16.49 million eligible voters was needed. Nevertheless, as the KMT feared, DPP leaders said that even a failed referendum "opened the doors" for future initiatives.

Integral to the discourse on national status was the issue of national identity. During the campaign, the KMT continually accused the DPP of being divisive on the identity issue. From the KMT perspective, Taiwan was a “melting pot,” influenced by many foreign forces, and the people of Taiwan immigrated in many stages throughout the Island’s history. According to one KMT official, “We are all immigrants.” Party officials argued that there was no need, therefore, to emphasize whether people were “Taiwanese” or “Chinese” and accused the DPP of being “one dimensional” in its outlook. According to KMT polling, in 2004, 40% of the population defined themselves as “Taiwanese only;” 15% defined themselves as “Chinese;” and 40% defined themselves as “both.”

Observers explained that self-identification and Taiwan’s status are closely entwined but that identifying oneself as “Taiwanese” did not necessarily translate into a pro-Independence stance. DPP officials explained, for example, that although the younger generation was more likely to view themselves as “Taiwanese only,” the older generation had stronger feelings about Taiwan’s status. DPP pollsters said that this was because those in the older generation “remember the difficulties of martial law” and are therefore skeptical of any connection with China. As a result, according to DPP polls, older age cohorts supported the DPP, while people in the 30-39 age group were more likely to support the KMT.

- Governance and the Economy

Another key issue in the campaign was what one KMT official called the “governance issue.” As evidence of “poor DPP governance” since 2000, KMT officials highlighted: the increased government debt of 33.47%; the drop in government, foreign, and private investment; the increase in the number of low-income households; the decline in national wealth; and decreased spending on education. Although KMT officials acknowledged that many of these statistics were affected by world trends, they claimed that DPP mismanagement played a role. Confirming this analysis, DPP polls also indicated that those with a higher education and who prioritize the economy in their voting decisions, tended to support the KMT.

The KMT proposed in its campaign that Taiwan should serve as a global operations center and become the “gateway to China.” Hong Kong, China, and Taiwan could, KMT officials argued, become a common market with a common language. According to one official, “Integration into the China market is unavoidable.” The party platform stressed the development of high tech industries and initiatives to offer tax free zones for investors in Taiwan. Party officials also proposed air and sea links to China to facilitate the import of raw materials from the mainland thereby encouraging the development of factories in Taiwan.

- Reform

While the KMT emphasized governance and the economy as its strengths, the DPP stressed its advantage on the issue of reform. According to DPP polls, when voters were asked which party had more serious problems with corruption and “black gold politics,” the collusive alliances between politics and business, 37.5% identified the KMT, while 22.9% selected the DPP. DPP officials recognized that their percentage represented an increase from previous years, as the party’s anti-corruption image diminished since taking over the government. In addition, DPP officials acknowledged that the KMT reform image had improved. However, throughout the campaign, DPP leaders continued to emphasize that the KMT was still the world richest party and demanded that the party enhance its transparency.

As part of the DPP reform agenda for the campaign, the party proposed to outlaw party businesses, implement “sunshine” legislation -- requiring all parties to disclose the sources of their funds and provide detailed reports of expenditures year-round -- and design conflict of interest regulations for legislators. Moreover, the party pledged that it would demand all its legislators to obey the proposed laws even if they were not passed. Despite these commitments, party officials acknowledged that the DPP had not, to date, disclosed detailed financial reports. The DPP platform also highlighted the efforts taken by the DPP administration, such as the introduction of competitive bidding procedures. Party officials added that reform efforts were “not easy,” as the KMT “continuously blocked reform legislation.”

KMT officials agreed that the issue of reform was an important focus of the campaign. The black gold elements, according to one official, “absolutely existed in the KMT,” and the party was now committed to change. The party disputed DPP claims that it did not support legislative changes. First, the party advocated for a political party law that would require parties to entrust assets into blind trusts, which the KMT had already started. Second, the party supported the Administrative Neutrality Law to prohibit parties from interfering in the duties of civil servants. The KMT also endorsed a lobbying act, contributions act, government transparency act, and conflict of interest regulations. The party lobbied for the voting age to be lowered from 20 to 18 and for an improved absentee ballot system, issues KMT officials said were essential elements for reform.

The KMT-PFP alliance disagreed with the DPP on the application of the contribution law. The Blue camp insisted that donations should only be permitted during the election season, and should be subject to limits, while the DPP argued that parties and legislators should be allowed to raise money year-round, with limits at all times. DPP officials accused the KMT of avoiding comprehensive regulation of political finance by narrowing oversight to the campaign period. KMT officials argued that their party was simply being more stringent.

KMT leaders claimed that the DPP was simply using the reform debate to “smear the KMT.” According to KMT officials, the DPP insisted, for example, on the use of the term “illegally-acquired assets,” instead of simply “all party assets,” in legislation referring to

the movement of party assets into blind trusts. This focus on terminology was seen as an attempt to force admission of wrong-doing by the KMT. KMT officials also pointed out the DPP's double standard: although KMT Lien Chan had moved his personal wealth into a blind trust, Chen's wife "made a fortune" in the stock market and refused to disclose her wealth.

Electoral and Political Finance

Legislation

There is no political party law in Taiwan, and no regulations governing political financing outside the campaign period. During the campaign period, the President and Vice President Election and Recall Law (PVPERL) provides regulations on campaign finance, including contribution and expenditure guidelines for candidates.

According to Article 38, campaign contributions to candidates are legally limited to NT \$20,000 (NT\$35 = US\$1) per individual or NT \$300,000 per profit-seeking enterprise. However, that law is only enforced for those contributions receiving a tax deduction. The Central Election Commission (CEC) director explained that there was no overall limit on contributions. One academic pointed out, however, that the law stipulates that campaigns cannot raise more money than the allowed spending limit, so there should be, in theory, a limit on the total amount raised.

The PVPERL also limits campaign expenditures. As outlined in Article 36, the limitation for campaign expenditure by each candidate is calculated at 70% of the total population of registered voters, multiplied by NT \$15 per voter, plus a base amount of NT \$80 million. It is important to note, however, that the election commission decided to suspend the enforcement of both the donation and spending limits in this election in order to ascertain a more accurate picture of real donations and spending.

The state also provides financial subsidies to political parties and candidates based on electoral performance. Parties receive \$50 TWD per vote, and candidates receive \$30 TWD per vote. The money is allocated from the government's budget. In addition, the CEC sponsors TV forums during election campaigns, pays for campaign commercials, and prints and distributes the campaign platforms.

Article 37 requires each candidate to prepare an account book of campaign expenditures, audited by a certified public accountant, and to make this account book available for inspection and reference. The reports filed by candidates for president and vice president are printed in the bulletin of the Executive Yuan and available for public review. Candidates are not required to reveal the sources of funding. This account book must be submitted to the CEC within 30 days after the election. The CEC is empowered to seek verification of income or expenditures only if it suspects the information reported to be untrue or inaccurate. CEC officials explained that there were no inspections in the last

election and, even if there were violations, the only penalty would have been a fine. Moreover, the CEC only regulates the candidates, not PACs, NGOs, foundations, or the party.

Although Taiwan has declaration of assets and liabilities, there are many loopholes in the disclosure system. The reports, for example, do not have to include children over 20 years in age or siblings. Despite laws prohibiting civil servants from running their own businesses, there are no similar regulations preventing legislators from doing so.

Current Practices and Legislative Reform

It is widely acknowledged that nearly all politicians submit false reports of their campaign expenditures to the Central Election Commission. It is expected and accepted that every candidate will file a report that shows both the amount of total campaign contributions and the amount of total campaign expenditures to be exactly equal to the legal limit. Politicians conceded that the laws were routinely violated. As one party official said, “Yeah, we are supposed to get a receipt but it doesn’t happen.” The CEC is not able to provide effective oversight or verification, primarily because it is unable to track the accurate amount of campaign contributions. For these reasons, the penalty for breaking contribution and spending limits, widely un-enforced, was suspended for the 2004 elections.

Given the ambiguous nature of political financing in Taiwan and routine violations of the law, several NGOs in Taiwan formed the “coalition to promote clean elections” to examine political contributions. For the 2004 presidential elections, this coalition raised awareness on anti-corruption issues and highlighted the need for better political finance regulations. The coalition also developed a code of conduct for all parties and candidates to sign. This code included two documents. The first was a broad pledge to agree to obey the election law. The second was a pledge to disclose all donations to campaign headquarters from the start of the campaign, approximately six weeks before election day. These donations were to be divided into categories including, individuals, corporations, party, and personal funds. Reports would be submitted one month and one week before the election.

The coalition presented the code to both parties with the presence of the press. The DPP signed both documents. The KMT signed the first document but hesitated on signing the second, claiming it wanted to meet with “all relevant government offices” first. Neither party made the first deadline. The DPP submitted its report two days after being reminded, and the KMT published its report four days later, with the exact same amounts recorded as the DPP. According to the NGOs, the purpose of the exercise was not necessarily to gather accurate information on campaign finance but to exert inter-party pressure and demonstrate the need for regulatory legislation.

NGO leaders, journalists, and academics stated that the current legislative regime was obviously grossly inadequate and have demanded new legislation governing political finance practices year-round. Proposed measures include: a ceiling on donations; regulations of soft money; disclosure of party finances, including sources of funding; abolition of party businesses; regulation of political action committees; and whistle-blowing legislation. Moreover, NGOs pushed for conflict of interest rules and regulations on “unexplained wealth.”

Watchdog organizations stated that neither party had the political will to implement true legislative reform. Parliament, for example, was supposed to pass new campaign finance legislation before the election but failed, with both parties blaming the other for the failure. NGO leaders also accused politicians of stalling legislative reforms, a claim that many politicians did not deny. One party official said that the legislative reform process was “useless” because even if strict laws were passed, there would always be loopholes. Some explained that enhancing transparency in Taiwan was a difficult task due to the “losing face” aspect still strong in Taiwan society. Another politician argued that some of the legislation proposed “went too far” and could harm the presumption of innocence.

Funding Sources

Given the lack of an effective regulatory regime, no one had accurate information on the amount and sources of campaign funding for the 2004 election. The history of “black gold” in Taiwan has continued to thwart financial transparency, and even within the parties, officials said that they were not aware of all financial transactions, particularly at the branch offices. For this campaign, both parties signed agreements, described above, vowing to run clean campaigns and disclose the sources of their political donations. However, the parties have only revealed basic information on their finances, and the reports were considered incomplete.

DPP officials reported that their main campaign contributions came from individuals, with 68,000 individuals contributing a total of \$250 million TWD. Company donations represented the second largest source of income, and, according to the party, the campaign received \$15 million TWD. NGOs contributed \$1.7 million TWD, and the party chipped in \$7 million TWD for the campaign.

Several observers pointed out that the DPP was also “extremely skillful” at using government resources to finance the campaign. The DPP, for example, used government funds to advertise the referendum, although it was viewed by many as a partisan issue. DPP officials responded to these accusations by explaining that they were careful to separate spending. If there were general advertisements on the referendum, they would be paid by the government. If, however, there were ads promoting “Yes, Taiwan,” those were paid by the party and supporters. DPP officials said that the 2/28 (February 28) campaign, supporting the referendum, cost the party approximately 100 million TWD.

It was assumed that the KMT generated most of its money for the campaign from party assets and enterprises, and donations from businesspeople. Party officials were unable to give estimates and explained that there was limited fundraising this year, as the party faced a “financial crisis.” One foreign diplomat offered support to this statement by claiming that in the 1990s, the KMT had a financial advantage over the DPP of 50 to one, but now the DPP held a five to three advantage over the KMT. Other NGO leaders, however, stated that the KMT still “out-financed” the DPP. They reported that although the KMT was not as wealthy as in previous years, the playing field between the KMT and the DPP was far from even.

Campaign Spending

As with the sources of funding, no one could effectively estimate the amount of money spent on the presidential election. Even CEC officials claimed to “have no idea.” Some estimated that four times more money was spent in Taiwan than in the last US presidential election, on a per capita basis. It was also widely agreed that the cost of elections had increased in Taiwan. Most attributed the rising expenses to growing urbanization and the prevalence of television commercials.

Most observers agreed that the KMT actually spent a lot less in this campaign than in previous years. KMT party officials claimed that the party spent “nothing” and was “broke.” One official estimated that the party would spend a maximum of 300 million TWD for the entire campaign. KMT officials reported that their party’s biggest expense was TV coverage, but that the DPP “out-shot” them three to one.

DPP officials reported that their greatest expenditures were television ads and general propaganda. DPP officials added that although they still had the advantage of volunteers, the majority of campaign workers had to be paid, thereby contributing to costs. One week before the election, DPP officials reported that their party spent 900 million TWD. One academic estimated DPP spending at closer to \$5 billion TWD.

Vote buying represented another expense for the campaigns. Observers acknowledged that vote buying was still “part of the culture” in Taiwan and difficult to eradicate. In addition to direct distribution of cash in exchange for a vote, vote buying included the offering of meals, trips, and other gifts. According to some NGO leaders, vote buying had become more subtle in recent years. One NGO director explained that voters were worried about getting caught and the press and the Ministry of Justice (MOJ) had become more vigilant in exposing violations. In one case, a deputy magistrate distributed approximately \$100 million TWD from his office. Although he fled the country, 211 people were prosecuted in the scandal.

Although NGOs reported that parties still offered payments to attend rallies and events, most payments were not given directly to individual voters, but rather donated

through canvassers and gangsters. As one foreign diplomat explained, “it is not so much about cash as it is about mobilization.” The job of these gangsters was to ensure that the money “wasn’t wasted,” and in exchange for their work, they would be rewarded contracts and nominations. Some NGO leaders and academics claimed that more than half of the local councilors in Taiwan were affiliated with gangsters.

Parties have also been accused of becoming directly involved in organized crime and criminal networks that participate in extortion, piracy, and gambling. Underground gambling on the election results, for example, was a common practice, often through the Internet. However, the criminal code has not yet defined Internet gambling as a crime, representing another loophole in existing legislation.

Enforcement and Oversight

According to Article 6 of the PVPERL, responsibility for elections in Taiwan is vested in the Central Election Commission (CEC). Article 7 sets forth the responsibilities of the CEC, including: the proclamation of elections and results; preparation and administration of elections; candidate screening and registration; election publicity and candidate debates; inspection and examination of all election and recall activities; and other affairs related to elections and recall. The CEC does not investigate fraud or vote buying, as those violations are handled by the Ministry of Justice.

Although the CEC originally operated under the oversight of the Ministry of Interior (MOI), the law was changed to create the CEC as an independent body under the Executive Yuan. In addition, the government separated election policy from election operations. Commissioners are nominated by the premier with approval of the president for a term of three years. The commissioners of the CEC are partisan, representing all four main parties, although the chairperson is not affiliated with any party. No more than two-thirds of all other CEC officials can belong to one party. Most view the work of the CEC as neutral, and NGO leaders reported that civil servants were, in general, very sensitive about their neutrality. Party officials from both parties reported that they were not concerned about fraud in the elections and that the voting would be “technically sound.” Politicians also said that they believed the CEC would review financial reports in a fair manner.

The biggest concern expressed about the CEC was its inability to monitor political finance practices. As mentioned above, the CEC, recognizing its failure in ensuring the enforcement of donation and spending limits, dropped the limits altogether. Instead, officials explained that they would try to get an accurate picture of real donations and spending. However, CEC representatives acknowledged that this task was almost impossible without legislation empowering them with greater investigative rights. Moreover, because the CEC only has authority over the campaign period, there was a “black hole” over political finance for the remainder of the year. As mentioned above, there have been initiatives to introduce more rigorous legislation.

The Ministry of Interior is responsible for initiating election policies and introducing laws. It is currently working closely with the CEC on the sunshine legislation, donations bill, and anti-corruption activities. The political donations and political party bills would introduce regulations to control and monitor party assets. Proposed legislation would also tighten up reporting on the use of the government subsidy, as currently it is unclear how subsidy money is spent. Moreover, MOI officials said they hoped that now that the spending limit had been lifted, they would get a better sense of the realities of spending in Taiwan in order to establish appropriate and realistic regulations.

The MOI currently has oversight of the Civic Groups Law, which includes political parties, as there is no separate party law. There is nothing in this law, however, that allows the MOI to monitor political donations or mandate certain democratic practices in the parties. The new party law would require all parties to be audited by accountants and report year-round financial transactions to the CEC. MOI officials said they believed that the “corruption issue was almost eliminated” in Taiwan, and the last remaining hurdle was political finance reform.

While the Central Election Commission resolves other non-criminal election complaints, the Ministry of Justice is responsible for investigating vote buying practices and election-related criminal activities. Although Ministry of Justice leaders are selected by the government, Minister Chen explained that the MOJ maintained its independence by refusing to interfere in judicial decisions and by giving investigation agents “free hands” to handle cases. Moreover, due to the number of MOJ employees, over 800 prosecutors and 2300 agents, it was impossible for one party to control all workers. Moreover, he added, all agents had to pass several exams and go through a rigorous training program. Agents have the same status as FBI officials, and most are trained lawyers.

With respect to election-related work, the MOJ focuses on vote buying. According to MOJ officials, in order for a case to be considered vote buying, it must demonstrate reciprocity. Given this subjectivity, prosecutors have great discretion in determining whether an act qualifies as vote buying, and, therefore, conflicting rulings are possible. Minister Chen provided an example by describing a fundraising dinner during the last city council election at which the candidate gave out tickets for remaining empty seats. The prosecutor ruled that this qualified as a “free meal” and a violation of the law. Other similar cases, however, have been dropped. Because of prosecutorial discretion, there has been concern about the possibility of political interference, particularly with 800 prosecutors to monitor. Minister Chen acknowledged that standards were needed. He added, “It is not a problem with the independence of the prosecutors but a problem of prosecutors abusing their independence.”

The MOJ tracks vote buying and fraud through a variety of methods. There is a reward system in Taiwan for exposing vote buying, the budget for which is commissioned by the government. If a person provides evidence of general vote buying, he or she receives 500,000 TWD. If someone has specific information on a person involved in vote

buying, the reward is 1 million TWD. Finally, if someone has evidence incriminating a candidate, the reward is 15 million TWD. Apparently one citizen raised enough money by exposing vote buying to buy three Mercedes. Over the past four years, over 100 million TWD has been distributed in reward money. A candidate can only be punished for vote buying that occurs by someone else on her or his behalf if the linkage can be proven. The MOJ also launched an anti-vote buying educational campaign to heighten awareness among citizens and established a toll-free hotline to report cases.

MOJ officials explained that the ministry had a more difficult time exposing opaque black gold transactions. It was difficult to prove, one official argued, whether political contributions were made in exchange for conditions. For example, Minister Chen said that the DPP campaign headquarters received 10 mil TWD from a wealthy donor, and although there were accusations of wrong-doing, the MOJ could find no evidence. Because of the lack of a strong regulatory framework or rigorous reporting requirements, Minister Chen said that it was almost impossible to identify illegal contributions.

Internal Party Reform

The Taiwanese parties, particularly the DPP, have served as a model in the NDI-CALD program on political party reform by voluntarily implementing various measures to limit corruption and enhance internal party democracy. The DPP has spent years perfecting its internal candidate selection process, for example, to ensure fairness and limit patronage. The party also operates with a high degree of transparency internally, allowing members to access party records and finances and participate in decision-making. The KMT has also taken a few steps to improve its image of being associated with black-gold politics, and recently moved its assets into blind trusts. Lately, however, both parties seem to have stagnated on the reform front, and party officials could only point to old examples and policies to demonstrate their reform credentials.

Instead of improving the weak regulatory framework governing political finance in Taiwan, the parties have delayed and bickered over proposed reform legislation. The parties also continue to take advantage of their “free reign” and exercise little transparency in how they raise and spend money. Because parties can raise and spend funds without limitations or disclosure, political financing remains a mystery and the public cannot gather accurate information about linkages between the parties and various business interests. Watchdogs and reformers have, therefore, increased pressure on parties to act. One government funded institute, the Taiwan Foundation for Democracy, has even provided grants to political parties to encourage party reform. The parties are required to file detailed reports on their use of this money, which the Foundation believes “builds good habits.”

Kuomintang Party (KMT)

When asked about political corruption in Taiwan, one KMT official said, “You cannot compare Taiwan to the U.S. today; you must compare it to 19th century U.S. democracy.” Therefore, he argued, as Taiwanese democracy “matures,” corrupt practices would diminish, but one must be patient. He added that problems with campaign finance were linked to Taiwan’s developmental state model. For years, he said, “We did not know where the public sector started or ended, or where the private sector started or ended.” KMT officials argued that it would take time to achieve clarity about, let alone enhance transparency in, the relationship between money, the state, and politics.

KMT officials acknowledged that their party had historically been equated with black-gold politics but claimed that this characterization was no longer correct. In fact, KMT officials argued that the DPP now had more opportunities than the KMT to abuse government resources and engage in collusive arrangements with businesses. Because systems were never developed to control for this kind of corruption, whichever party is in government could take advantage of the lack of oversight.

Party officials reported that in 2001 the KMT officially embarked on its reform program, starting with the re-registration of members. The party also created new departments, reduced staff, implemented “horizontal management structures,” reduced bureaucracy and “red tape” in the party, and recruited younger membership. In addition, the party strengthened its think tank, the National Policy Foundation, tasked with managing eight research areas as well as helping the party determine, in the words of one director, “where to go next.”

NGO leaders and other observers agreed that the internal decision-making in the KMT improved since the party’s loss in the 2000 elections. They added that more members were involved in important decisions and there were increased demands for democracy coming from within the party. A new policy, for example, allowed party members to select the KMT Chairperson, although, in practice, there was no competition for his post. With regard to candidate selection, KMT officials explained that the party focused more on “candidate quality” than in the past and conducted greater screening of candidates. The party has forbidden, for example, convicted criminals from becoming candidates.

With respect to party finances, some observers estimated that the KMT liquidated \$700 million USD last year, leaving \$1.2 billion USD remaining in total assets. DPP leaders claimed that this number was underestimated and that the KMT had \$8.6 billion TWD. No one could verify these numbers. Clearly, the KMT suffered severe financial set-backs with several businesses, such as media companies, running at a loss. The party had also been “stuck with bad investments,” and no one would purchase KMT real estate. One KMT official claimed that 90% of the KMT offices had been donated to social organizations. The party also had to lay off many employees and scale back operations. According to one KMT official, close to 2,000 workers had been “retired,” and the pensions alone represented a huge cost to the party. Although outside observers acknowledged that the

party was not as rich as in previous years, most were confident that the KMT still had an advantage over the DPP with respect to access to resources.

Outside observers and DPP officials acknowledged that the party had difficulties raising money over the past few years, as most people assumed that it did not need it. According to KMT officials, all party members paid \$100 TWD per year, and those donations represented a significant source of funding for the party. In addition, the party continued to collect business donations. The party was also entitled to state funding, although one party official explained that the Chairman planned to donate the party's election subsidy to public interest groups.

Both inside and outside the party, the KMT's financial management has always been considered "very controlled and centralized," unlike the DPP. According to party officials, all party donations were pooled and then distributed through the appropriations department. Donations were monitored by the headquarters through various committees, although officials acknowledged that it was impossible for the party to keep track of all funding sources. Party representatives confirmed that there was no disclosure either to the public or to party members of the sources of party funds.

Party officials admitted that part of the party's financial decline in recent years was due to poor management. As one official said, "We are the victim of our own making." In response, the KMT has taken additional steps to tighten financial controls and enhance transparency. The party established commissions or boards of officials to make financial decisions, taking sole authority away from one commissioner. Managers were added to several departments to ensure accountability and create "checks." New commissions were established, such as the organizational commission and management commission, and all departments were required present their budgets for approval. In addition, the reforms mandated annual audits of all departments. As mentioned, the KMT placed many of its corporate assets (party-financed companies) into blind trusts, in part to respond to public criticism of the party's opaque financial practices. Party officials also claimed that the party returned some money to the government and private citizens.

Democratic Progressive Party (DPP)

The DPP has been widely hailed as a model for internal party democracy and transparency. However, many observers reported that in recent years the party's reformers have fallen "out of the power circles." DPP's position in government, and subsequent access to funds, has also hurt the party's clean reputation. DPP officials recognized that their "reform image had slipped" among the public.

Now in government, the DPP has been able to generate funds, and some accuse the party of using government resources in its campaign. Academics reported that the DPP's biggest contributions came from state enterprises, which organized events that the party could "take advantage of." In addition, corporations are now giving large amounts to

the Green camp, and several academics stated that companies, such as SOGO, had visited the president's office to solicit help. In a recent scandal, the former chairman of the Tuntex Group, Chen Yu-hao, who is now a fugitive, admitted that he made a cash payment to President Chen. The party was also accused of establishing private foundations to receive funds and avoid legal oversight. Most observers, however, reported that "big business" still favored the KMT, due primarily to the party's more rigorous stance on ensuring smooth cross-strait relations.

DPP officials reported that individual donations represented the largest form of income to the party. In addition, officials explained that all DPP officials and MPs were required to donate one-third of their salaries to the party, and during the campaign period they were expected to raise money. According to one campaign manager, the party had been able to raise significant funds through the Internet and received \$27 million TWD for the 2004 campaign in just two weeks. Fundraising through banquets was cited as another popular method for raising money, although one academic claimed that usually a company would buy seats for everyone, essentially serving as a corporate donation.

Outside observers reported that the fundraising practices in the DPP were a lot more decentralized than in the KMT. Most money was raised and spent locally with no reporting to party headquarters. The DPP secretary general acknowledged that most donations went directly to the candidates and the party had little oversight. He also said that there was a division between branch offices and the headquarters, with some donors preferring to give at the local level. With respect to expenses, according to DPP officials, internal expenditures must be approved by the National Party Congress, and the party regularly submitted its financial reports to the MOI, per the Civic Associations Law.

Election Results

Following the NDI-CALD mission, 80.27% of Taiwan's 16.5 million voters turned out for the election on March 20. Chen had an extremely narrow victory, with a margin of approximately 30,000 votes, and Taiwan confronted a political impasse, with protests and riots in the streets. Senior government leaders, including the Minister of Interior, resigned in the turmoil.

The KMT complaints about the election concerned the shooting incident against the president and the vice president, as well as voting irregularities. One day before the election, President Chen and Vice President Lu were shot at during a campaign motorcade, resulting in minor injuries for the Vice President. The shooter was never identified, although bullet cases were discovered near the crime scene. KMT leaders claimed that the DPP used the assassination attempt to launch propaganda against the KMT-PFP alliance and Chinese authorities. Some KMT officials even speculated that the incident was staged by the DPP, although an external investigation conducted by the U.S. FBI determined that this was unlikely. Either way, the KMT argued that this incident affected voter behavior, as a couple days before the election, polls indicated a KMT lead. (No polls, however, were

allowed to be published 10 days before the election.) In addition, the KMT alleged that even after the shooting, the KMT was leading by 1.7%.

The KMT also claimed that the military and police personnel, traditionally KMT voters, were prevented from casting their votes. Right after the shooting incident, the government activated a “national emergency mechanism,” which placed many such personnel on duty and prevented them from casting their votes. Although reports vary, some believe between 110,000 and 200,000 workers were affected. The KMT demanded an independent commission to investigate the shooting incident, a recount, and a fresh election for disenfranchised voters.

On March 29, Chen and Lu signed letters promising not to contest the pan-blue petition for a recount, bypassing a lengthy judicial inquiry. On April 2, the High Court gave both camps five days to agree on a means to conduct recount. Meanwhile, Pan-Blue dropped its demand for another round of voting by disenfranchised members of the military and police. By April 7, the camps still did not reach procedural agreement for the recount, and the Blue camp held another rally on following Saturday, with more than 100,000 protestors. This protest was peaceful for most of the day, but several hundred protestors tried to storm the president’s office in the evening, forcing the police to fire water cannons.

On April 7, the Blue camp filed a lawsuit charging the Central Election Commission with improperly allowing the presidential election to occur concurrently with the referendum and failing to postpone the election after the assassination attempt. The Blue camp demanded an annulment of the election.

On May 10, a judicial recount under the jurisdiction of a special panel of the High Court began and involved 460 teams in 21 courthouses across Taiwan. Each team comprised of seven members: one judge; two members, one from the district court and one from the local government election authorities; and a witness for the plaintiff (Blue camp) and a witness from the defendant (Green camp). Any disputed votes were sent to the High Court in Taipei for verification. By May 18, the recount ended, and of the disputed votes, approximately 23,000 were for the Chen-Lu ticket and 16,000 for the Chan-Soong ticket. After this recount exercise, Chen maintained his slim margin by 22,000 votes. A final High Court decision on the disputed votes is now not expected until September.

On May 20, Chen was sworn in as President for a second term. Meanwhile, coalition building began, and KMT has pushed for a merger with the PFP in order to consolidate the opposition. Although by mid-July the Blue camp acknowledged that the vote recount would not give them victory, it still hopes that the High Court will nullify the original election and call for new polls.

**KOREA PRE ELECTION ASSESSMENT MISSION
NATIONAL ASSEMBLY ELECTIONS
APRIL 2004**

NDI-CALD Mission

The National Democratic Institute for International Affairs (NDI) and the Council of Asian Liberals and Democrats (CALD) organized a pre election assessment mission to South Korea from April 5 to 9, 2004. Mission participants included: Syed Azman Syed Ahmad, member of the Islamic Party of Malaysia's (PAS) Executive Council and former MP; Teresa Kok, MP representing the Democratic Action Party (DAP) of Malaysia; and Buranaj Smutharaks, a member of Thailand's Democrat Party's Restructuring Committee and Policy Committee and a former MP. John Coronel, Executive Director of CALD, and Laura Thornton, Senior Program Manager from NDI, led the mission. In addition, Kourtney Pompei, NDI Program Officer, participated in the mission.

In this program, the team spent one week during the National Assembly campaign period in Seoul, meeting with party leaders and campaign advisors. Two of the three main contending parties, Grand National Party (GNP) and the Millennium Democratic Party (MDP), have been active participants in the NDI-CALD regional party reform program since its inception in 2001. Several members of the MDP who defected to the new Uri party (Our Party), the party supporting President Roh Moo-hyun, have also supported NDI and CALD's efforts. In addition to meeting with party representatives and candidates from the three main parties, the team also interviewed NGO representatives, foreign diplomats, government officials, journalists, business leaders, and academics. The program's objectives and methodology are outlined in the introduction to this report.

Parliamentary Campaign

The legislative branch of South Korea is the unicameral National Assembly. The electoral system is a mixed system that includes single-member constituencies and proportional representation through party lists. Koreans elect 243 National Assembly persons through single member districts on a first-past-the-post basis, and 56 members are elected through a proportional, closed party list system. Previously, the party list was determined based on votes cast in the district system. In 2004, for the first time, Korea mandated a two-vote system: one for the district candidate and one for the party. There are 35.61 million voters in Korea, and there were 1,175 candidates competing in the election for the National Assembly.

Three main parties participated in the 2004 National Assembly election, the 17th parliamentary election in the country's history: the GNP; the Uri party; and the MDP. In the last National Assembly elections in 2000, the Grand National Party (GNP) won 133 seats and the Millennium Democratic Party (MDP) won 115 seats, with the smaller United Liberal Democrat Party (ULD) gaining only 17 seats. In September 2003, due to political infighting,

a faction of the MDP allied with President Roh Moo-hyun, broke party ranks and established the Uri Party, thus becoming the de-facto ruling party with 47 seats in Parliament.

MDP Split and Candidate Selection

In December 2002, Roh Moo-hyun, a former human rights lawyer representing the MDP, won the presidential election and took office to begin his five-year term in February 2003. Following Roh's election in December, the MDP became locked in damaging infighting between conservative (the "old guard") and progressive (the "neutral force") factions over how to reform the party as well as several government policies, including the decision to send non-combat troops to Iraq. Moreover, many party leaders from the conservative faction were disappointed at the lack of communication between Roh's administration and the party. Tensions further escalated when several high ranking officials of the MDP were connected with corruption lawsuits. In the aftermath of these scandals, the MDP suffered a crushing defeat to the GNP in the regional election and parliamentary by-elections. The defeat and the months of disagreement between rival factions prompted secessionists to call for the MDP to disband itself and pave the way for a new political party.

On September 20, 2003, a group of 37 lawmakers and Roh-loyalists broke away from MDP and launched their platform for a pro-government party. The former MDP representatives were joined by five other renegade lawmakers from the opposition GNP party. The group tentatively called itself the United New Party for Participatory Citizens and advocated a mandate pledging radical political reforms and a commitment to challenge the dominance of regionalism in the existing political landscape.

Initially President Roh maintained silence over the split in the ruling camp. However, on September 29, 2003, Roh relinquished his MDP membership and became the first South Korean president to have no party affiliation. In statements following his resignation from the MDP, Roh hinted that he may join the defection party of Roh-loyalists in the near future once they officially launched their party. Roh's departure from the MDP and his vocalized support for the new party prompted the MDP to denounce the pro-Roh factions' efforts as an attempt to destroy the MDP party in order to stand a better chance in the April elections.

The pro-Roh faction established a floor negotiating group within the National Assembly, and the new pro-government party was officially launched on November 11, 2003 under the new name, the Uri Party (Our Party). The party elected former news anchor Chung Dong-young as chairman. MDP's parliamentary seats in the National Assembly were reduced, altering the composition of the parliament with the Uri Party

occupying 47 seats, 149 seats for the GNP, 63 maintained by the MDP, and 10 held by the ULD.

The formation of the Uri Party intensified anti-Roh sentiments in the MDP and MDP representatives began to align with the GNP. Suspicions that Roh would officially join the Uri Party shortly after its conception did not materialize. Despite speculation, Roh continued his presidency without officially declaring a party affiliation, although his actions and comments continued to reflect his support for the Uri Party.

In the aftermath of the dramatic MDP split, parliamentary candidate selection for the parties took place. The Uri, GNP, and MDP parties all encouraged greater membership involvement, using a combination of primaries and opinion polls. This more open process was inspired by the MDP, which was the first to experiment with primaries when selecting its presidential candidate. Other parties then followed suit. The parties invited non-party members to participate in primary elections to determine parliamentary candidates, and an estimated 1,000 people participated per district in each party's primary, although for Uri, as a new party, the number was lower. In addition, party leaders claimed that the leadership had limited veto power over these decisions.

National Election Commission (NEC) officials and other observers, however, speculated that party leaders were still able to overrule results. One academic added that the competitive selection process really only took place in a few risk-free districts. Moreover, the party list candidates were not selected in an open matter, but rather through committees appointed by the party chairperson. Nevertheless, the primary process embraced by the Korean parties represents a significant divergence from the past, when only a small number of party leaders unilaterally determined all electoral candidates.

Campaign Issues

Several journalists described the campaign as “shocking” and “absent of policy.” Many criticized the election as “degrading” the debate to “emotional politics” and image rather than substance. Representatives from the business community, for example, expressed dismay that important issues, such as de-regulation, labor, investment, and education, were not being explored in the campaign debates. A few newspaper reporters blamed the media and voters, claiming that there was some debate on the issues among candidates but the media failed to cover the stories because of the public's demand for the sensational.

Regionalism, which has defined Korean electoral decision-making in the past, continued to be an important factor in the campaign although no longer the dominant one. The popular Uri party, for example, was not seen to have an obvious regional base. National security, particularly relations with North Korea, was also essentially dropped as a campaign issue. The merits or flaws of the Sunshine Policy of Kim Dae Jung were barely mentioned. Even South Korea's sometimes volatile relationship with the U.S. did not play a

major role in the campaign, although the Uri party emphasized its preference for Korea to be “more independent” from the U.S., an opinion that garners support among younger voters in particular.

Rather, the campaign was dominated by the impeachment of President Roh, which incited strong sentiments among many voters, and by the parties’ tactical and emotional response. On March 9, opposition parties submitted a presidential impeachment motion seeking to unseat Roh. The proposal was approved for debate by 159 lawmakers, which exceeded the 137 required by law. On March 12, the National Assembly of Korea, attended by 195 members, voted to impeach President Roh Moo Hyun, and 193 members from the GNP, MDP, and ULD voted in favor. The Uri Party resigned from parliament *en masse* once the vote was revealed and have continued to voice their support for Roh. Prime Minister Goh Kun replaced Roh as interim president for a designated period of up to six months.

There were three main charges against the President. Primarily, Roh was accused of violating the electoral law by indicating his support for the Uri party. The National Election Commission (NEC) had urged Roh to remain “politically neutral” prior to the parliamentary vote and eventually ruled that he had violated election rules. Moreover, Roh and his supporters were accused of campaign finance violations before he became president. Finally, Roh was accused of “incompetence” in his handling of the economy.

Most academics and lawyers agreed that Roh did indeed violate the law, particularly on the first count by voicing his support for Uri. However, as one academic put it, “The public are not lawyers and have been mobilized.” The final decision on impeachment was turned over to the Constitutional Court, where six of the nine judges must rule against the president to uphold the impeachment. Most observers said that the court would certainly be affected by the strong public support for Roh and fear of political chaos. In the words of one academic, “There would have to be both legal and political considerations.”

Prior to the impeachment, opposition parties demanded that Roh apologize for his violation of the election law, and observers argued that Roh had the opportunity to avoid impeachment if he had agreed to do so. Because Roh refused, many speculated that he actually welcomed the impeachment to garner sympathy votes in order to rejuvenate his flagging support. In fact, one academic estimated his jump in support to rise to 50% from 25% on the impeachment issue alone. Even Uri Party campaign leaders acknowledged that they made the impeachment the central issue of the campaign, and offered little else in their campaign platform.

Those who argued against impeachment – both Uri members and several NGOs – claimed that there was not enough evidence of illegality on Roh’s part and that the impeachment process itself was illegal. It was legally ambiguous, they argued, whether or not Roh indicated direct support for Uri, as he reportedly only said that he would support Uri “if he could.” Anti-impeachment advocates also argued that the election commission had

only issued a “warning,” not an indictment, which Roh acknowledged. With regard to the violation of campaign finance regulations by Roh campaigners, Roh supporters asserted that this matter should wait for completion of the investigation and prosecutorial action. Roh supporters also complained of the lack of a secret ballot during the impeachment vote, and argued that the impeachment was essentially a *coup d’etat* and an abuse of the constitution for political purposes.

Roh supporters also argued that the accusations against Roh did not amount to an “infringement of law that would legitimate the recourse to impeachment”¹ and impeachment was a “disproportionate response” to the alleged violations. In the words of one NGO, the impeachment was the equivalent of “giving a life sentence for a traffic violation.” Another Roh supporter described the impeachment as “taking a mosquito out with dynamite.” The situation was particularly ironic, said Roh supporters, when the majority of people who carried out the impeachment had certainly committed far worse acts of corruption and electoral violations. As for the lack of apology from the president, Roh supporters claimed that if the opposition was willing to accept only an apology then it could not have been a very serious violation in the first place.

The impeachment issue enhanced generational divisions among voters. The largest voting age block in Korea are those in their 30’s, representing 24.9% of voters. Moreover, of the 1,175 candidates competing in the election, 472 were in their 40’s and 329 in their 50’s. Younger Korean voters in their 20’s and 30’s tended to be against the impeachment and pro-Uri, while many older voters reported support for the more conservative, pro-impeachment GNP. The Uri party did not help the generational divide when the Uri Chairperson Chung Dong-Young declared that people in their 60’s and 70’s “should not even bother voting.” This statement infuriated the public, particularly in a traditionally Confucian society, and necessitated endless apologies from Uri. This careless error cost Uri some support and slightly rejuvenated the severely weakened MDP.

Generational differences were evident in this election not only with respect to the impeachment but also, although less discussed, on issues of national security and foreign policy. Older voters accused the country’s youth of being naïve and spoiled, having not experienced the poverty and insecurity of Korea’s recent past. This lack of understanding, observers said, explained some of the attitudes of the youth toward the American military presence in the country. While many older Koreans remembered the America’s role in defending the South from the communist North, the younger generation perceived few benefits to American involvement and did not view North Korea as a serious threat. One journalist called this election the “clash of generations.” Nevertheless, the divisions over the impeachment, rather than foreign policy, were dominant in the campaign.

Electoral and Political Finance

A Year of Reform

¹ Jung Hae-Koo, “The Political Significance of the Impeachment,” Seongkonghwe University, 2004.

Korea experienced tremendous changes in its political finance regime in 2004. One academic went as far as to say, “This is the most critical point in the democratic history of Korea.” Historically dominated by corruption scandals, slush funds, and collusion, politics in Korea appears to be cleaning up. Journalists, NGO representatives, politicians, government officials, business leaders, and academics all agreed that the 2004 election was a “landmark election” and Korea had “entered a new era of clean politics.” One NGO leader described the change in political finance practices as “an unbelievable, unprecedented shift.” A journalist declared that Korea had gone “cold turkey” with respect to election financing and spending. In fact, he added that Korea was moving toward almost entirely government-financed elections.

Many reasons were offered to explain the sudden transformation in political finance practices in Korea. One explanation cited for this shift was President Roh himself. Even those in the opposition acknowledged that President Roh gave prosecutors “free reign” to investigate parties and politicians for corruption, including his own party. Specifically, Roh allowed prosecutors to investigate slush funds, a remarkable development in Korean history. As one Uri leader said, “He even let his own people get arrested – no one was immune.” Under his leadership, according to one academic, 12 NA members have been placed in jail. In the past, politicians would receive protection from their leaders, but with Roh this was no longer possible.

The rigorous investigations exposed multiple acts of collusion between parties and businesses, further encouraging the so-called “anti-politician” movement. The media and civic organizations highlighted the violations, demanded greater transparency from political leaders, and encouraged public outcry across the country among all sectors. Even in rural areas, people became “more informed” about corruption scandals and their impact on the economy. Corrupt acts could no longer take place un-noticed. There was public outrage, for example, when the Samsung Corporation was discovered providing 30 trillion *won* in cash in a van to the GNP secretary-general.

After scandals of this nature, involving all parties, public opinion of politicians reached an all time low. Corporations also were becoming tired of being entangled in corruption scandals, particularly having seen reduced benefits to their investments in politics given the enhanced oversight and checks. “Cleanliness” had become the leading commodity for electoral success, and parties and politicians had to respond. The campaigns pledged that they would spend less than their opponents. Comparison tactics of this nature were successful in the presidential election, although violations still occurred. In preparations for the April elections, the “reform competition” was unparalleled. One academic noted, “It’s amazing – each party is trying to ‘one-up’ each other and demonstrate their poverty and sincerity on reform.”

A final explanation of the changed political climate in Korea was new legislation, passed in March, which significantly restricted the finance practices of parties and

candidates. New regulations were approved, penalties stiffened, and oversight powers enhanced. An emboldened NEC and Prosecutor's Office demonstrated that they would actively pursue violators and expose them. Politicians reported that they had "no choice" but to adhere to the new restrictions.

Legislation

On March 12, 2004, new legislation was passed that transformed political practices in Korea. First, there were significant changes in campaign finance regulations. The new law forbids contributions from social entities and corporations. The law also prohibits incumbents from raising campaign money more than 17 days before the election. Challengers, on the other hand, can establish campaign offices and raise money 120 days before the elections, giving greater opportunities to small parties. All "congratulatory and condolatory money," previously permitted up to 15,000 *won*, is now forbidden. All campaigns must also disclose the names of donors who contribute more than five million *won*. In addition, campaigns must use checks and credit cards with donations greater than one million *won* and spending greater than 500,000 *won* in order to avoid cash transactions, which are difficult to monitor.

Most contributions in Korea go through supporters' associations, and all registered parties, NA candidates, presidential candidates, and other office holders are permitted to set up an association. The annual total contribution limit for individuals was lowered to 20 million *won* (from 120 million *won*), with a limit of 10 million *won* to supporters' associations designated by parties and five million *won* for associations designated by other entities. Parties are prohibited from receiving money from foreign entities or bank loans. Parties can own businesses, although none currently do.

Expenditure limits are 120 million *won* for a local candidate, 30 billion for the central party office, and 300 million for NA candidates. The government previously reimbursed all election costs to those candidates garnering more than 15% of the vote. Under the new legislation, those who win over 10% of the vote are entitled to a 50% reimbursement. The total subsidy is fixed at 800 *won* per voters registered annually. In 2004, the NEC reported this amount to be 26,785,909,600 *won*, distributed quarterly. An additional 800 *won* per voter is given in an election year, which is distributed at the end of candidate registration.

In addition to changing contribution and expenditure requirements, the March legislation altered the way in which campaigns take place. The law bans so-called "speech rallies" in an attempt to limit the payment of voters to attend campaign activities. Previously, mass rallies, in which parties would mobilize their machinery and purchase votes, were a key part of the campaign. Under the new law, candidates can only have a maximum of six campaign staff persons with them at a time, and only the candidate him or herself "can wear the belt for the election campaign." These changes forced candidates to use, in the words of one academic, more "primitive" campaign methods, such as face-to-face canvassing. In addition, the new law prohibits current lawmakers from highlighting

their political activities 90 days before the election, in order to limit the advantage of incumbency.

Although rallies are completely forbidden during the campaign period, under the new regulations, any candidate can use mass media for their campaigns. In the past, use of both print and broadcast media was available only to presidential and certain gubernatorial candidates. The Broadcasting Debate Committee regulates airtime for candidates and parties, and the NEC pays for television time through government-owned broadcasting. In addition, the NEC oversees Internet campaign material to verify the authenticity of the authors. According to observers, moving away from rallies, which are difficult to monitor, to a tightly-controlled media-based campaign represents another way in which financial abuses are prevented.

With respect to internal party practices and structures, the new law forced parties to close their district chapter offices, although candidates can open a “liaison office” up to 120 days before polling. The new law also abolished constituency parties, which, the NEC termed “money drinking hippos.” The number of paid employees at party headquarters cannot exceed 100 people, with provincial offices restricted to five employees. All parties are required to establish a Budget and Settlement Committee to gather financial information for the party and liaise with the NEC.

The new legislation also addressed candidate selection. For the first time, Korean parties are required to submit a “zipped” party list, with alternating female and male candidates, in an attempt to increase women’s representation in the National Assembly. There are a total of 56 party list representatives, so the revised law guarantees at least 28 women will be in the National Assembly. The new law has also banned any person who ignored the primary result of his or her party from being nominated to run for office. Moreover, the law allows any party receiving public subsidies to entrust its primary process to the NEC.

The new legislation empowers the NEC to investigate corporations proactively, and auditors are appointed to review all campaign expenditures. The new regulations permit trials to proceed even when the defendant is absent, and imprisonment is an allowable punishment. The law holds candidates accountable for illegal acts committed by supporters. In addition, the financial penalty to campaigns and parties that violate NEC financial regulations is 50 times the amount involved in the violation. The NEC also provides rewards to whistle-blowers, up to 50 million *won*, and guarantees their protection, if needed. New legislation allows watchdogs and NGOs to visit candidates’ offices to check spending and donation reports regularly. In addition, civic groups are permitted to campaign and express opinions on candidates, including launching black-list campaigns, a practice forbidden in the past.

Some observers argued that aspects of the new law were unrealistic. The ban on street rallies, for example, prohibited a “perfectly healthy” form of campaigning, according

to one academic. Moreover, many were convinced that as soon as politicians became familiar with the new regulations, they would start to discover loopholes to exploit. However, for the 2004 elections, there was universal agreement that compliance had become the new *status quo*.

Practices

Candidates reported that as a result of increased oversight and a new emphasis on cleanliness, their workload had significantly decreased. According to one candidate, “There is nothing for me to do!” Due to the prohibition on rallies, and difficulties in raising money from traditional sources, candidates could not easily violate the law by buying votes or holding parties. As one NGO leader said, “Everything is forbidden. Candidates can only go door-to-door.” One journalist said, “The politicians are thrilled – they don’t need to raise and spend a lot of money.” The bulk of the battle in the past, according to one politician, was to keep up with contenders, but if everyone was complying with the regulations, “the pressure is off.”

Uri officials confirmed the changed nature of campaigning and spending. Each Uri candidate only had three campaign workers. No one used banners, rallies, or posters, and candidates were allowed one truck only for campaigning. As a result, candidates resorted to “cold calling,” television commercials, and door-to-door visits.

Another significant result of the new legislation was that party leaders lost significant power due to the prohibitions on fundraising and to enhanced oversight. This shift in power was also, however, because of the parties’ adoption of more open candidate selection processes, taking full decision-making authority away from the leadership. In the words of one scholar, “Party leaders cannot raise money; they cannot give money; they cannot provide their members with protection; and they cannot select candidates. They are powerless.” Many predicted that while the reduction in the power of party leaders might have the positive effect of reducing patronage and corruption, it would also most certainly lead to greater party fragmentation.

Representatives from the business community and business lobby groups acknowledged that political finance practices in Korea were radically transformed. The Federation of Korean Industries (FKI), for example, includes many of the top *chaebols* in the country, which previously had a tremendous influence in politics. However, because of the ban on corporate funding, their influence has, reportedly, been diminished. One FKI leader said that in some ways the corporate ban is unrealistic, as money is an essential component of politics, as in all countries, and membership dues are so difficult for parties to obtain. Moreover, he explained that politicians would eventually “find a way” to “get money” from corporations. Business leaders also voiced displeasure about the new strength of the Auditor General’s Office, claiming that regulations had become “too strict.”

Business leaders asserted, however, that most corporations were in some ways happy about the ban as it had “freed them from their bondage.” People were “tired of their reputation of involvement in slush funds,” according to one business executive. Exposure from civil society had weakened the public image of many big companies. Moreover, financing politics was no longer “cost effective,” because, according to one business leader, “it is now too difficult to manipulate government institutions with all the new checks.”

Business leaders stated their commitment to stamping out corruption in the political system and accepted their role in this process. FKI, for example, started a campaign two years ago to promote business ethics by providing detailed guidelines to members and sharing best practices, such as conflict of interest provisions. FKI also asked certain members to leave the organization for violating ethics clauses. The former chairperson of FKI, for example, had to step down due to involvement in a political finance scandal. This further encouraged the organization to change their operations and focus more on “influencing policy-making through research and recommendations, not money.”

Funding Sources

Due to the new bans on funding, increased oversight, and fear of negative exposure, candidates were unable to raise money in this election and had to function on a fraction of the amount of funds they received in previous elections. As described above, corporations were no longer willing to support campaigns, given the high chances of exposure and unreliable pay-offs.

As a result, party leaders, candidates, and NEC officials reported that most campaign money ultimately came from the deduction from approximately seven million taxpayers on their income tax returns. As described above, candidates are reimbursed for electoral expenditures after achieving a certain percentage of the vote. Curiously, candidates can keep the reimbursement amounts without returning the money to donors, so many candidates had left-over money going into the 2004 campaign. Candidates also received individual donations through supporters’ associations and limited party support.

GNP campaign managers reported that it was difficult for the party to raise money as, in the words of one official, “no one believes in the party anymore.” The party relied almost entirely on its government subsidy, according to leaders. During the campaign, the party was also in the process of demonstrating its “regret” for past corrupt practices by embracing its new poverty, so it did not actively fundraise. The party headquarters, for example, was abandoned in favor of makeshift tents.

MDP party officials explained that the bulk of campaign money also came from the public subsidy and the personal funds of candidates. Party officials said that the party had no money to offer candidates. Uri candidates reported that due to restrictions on donations, they relied on supporters to provide volunteer services, such as making lists of people in their district for cold calling efforts. In-kind contributions for television commercials proved the most important donation to the party in this election. Uri

candidates claimed that they received no money from the party, and, rather, had to provide the party with money.

Campaign Spending

Everyone interviewed during this mission stated emphatically that the spending in the election had been drastically reduced. Observers estimated that candidates did not even spend one-fifth of the amount spent in previous elections. GNP officials, for example, acknowledged that the party did not spend a fraction of what they spent in the previous campaign and that their candidates were simply “not able” to spend money with the new regulations. Vote buying and illegal practices were no longer possible, according to GNP leaders. According to one GNP campaign manager, “the new legislative measures have served as a real deterrent.” This sentiment was echoed by candidates and party officials from the MDP and Uri. Outside observers concurred that “fear” was the primary factor driving the new clean behavior.

According to the NEC and the candidates, the greatest campaign expenses were the payment of campaign agents. The second largest expense was the printing of campaign materials. Other costs included office rent and equipment. Uri candidates reported that their greatest expenses were: per diem for campaign workers (estimated at 50,000 *won* per day); leaflets; office space; and the campaign truck.

Enforcement and Oversight

The NEC, with 2,000 full-time employees, is an independent, constitutional agency empowered to enforce the new regulations. NEC leadership includes nine members, three of whom are appointed by the president, three selected by the National Assembly representing the different parties, and three chosen by the Chief Justice. NEC commissioners serve six year terms. The NEC is respected by all parties as being generally neutral and objective in exercising their duties.

NEC officials reported that they were taking full advantage of their new powers granted by the March legislation. The NEC was actively investigating accounts, tracking party and candidate behavior, and monitoring companies for illegal donations. The NEC also conducted education activities, and provided candidate information through the Internet, including candidates’ assets, criminal records, and family information. All candidates signed a Code of Conduct with the NEC that gave permission to the commission to announce the names of all electoral law violators and publish the names of those candidates who did not sign the pledge. The NEC also used its reward system to encourage whistleblowers. At the time of the mission, the NEC said 52 reports were filed in 2004, with a total reward amount of 113,930,000 *won*.

NEC officials reported that many corporations were in fact “relieved” to no longer provide donations to the parties. Many businesspeople felt they were being “robbed” by the

political parties and then criticized for bribery. NEC officials did admit that there were probably still some “backdoor” transactions, but these practices had become, for the most part, “too difficult.”

Violations thinned out early in the campaign due to the swift action taken by the NEC. At the start of the campaign, the NEC actively investigated cases. NEC officials explained that the Uri party had the greatest number of reported violations at the time of the mission. Moreover, the three main parties had failed to file their financial reports on time, and the NEC highlighted this fact publicly. Although vote buying, according to NEC officials, had almost been wiped out, there had been 17 cases filed to date, with over 70 million *won* in fines to violators. Ultimately, the courts must prosecute violations through a three step process, involving three separate rulings. Punishments could include disqualification, jail time, and prohibition of participation in political activities. Observers predicted that there would be several by-elections following the election due to disqualifications.

All watchdog groups acknowledged that there had been very few violations of the election laws during the campaign and that campaign spending had been dramatically reduced. Slush funds, one NGO leader stated, “have virtually disappeared.” Despite the improved campaign finance practices, NGOs were still active, as in previous years, in aiding enforcement efforts by conducting education programs, monitoring activities, and, most famously, launching blacklisting campaigns.

In 2000, 1054 civic organizations came together to form the Civil Action for the General Election (CAGE) to blacklist 87 candidates deemed corrupt and “ineligible.” Of these candidates, 59, mostly incumbents, lost as a result, in part, of this campaign. The UN designated CAGE as the “civic movement of the year.” Unfortunately, it was widely reported that the blacklist campaign this year did not garner the interest or support of previous years. Civic groups carrying out the campaign voiced their opposition to the impeachment of Roh, thereby diminishing their claims of non-partisanship. The credibility of these groups plummeted.

The People’s Solidarity for Participatory Democracy (PSPD) explained that 10 networks of 301 organizations (as of February 2004) participated in the CAGE 2004 blacklist campaign. They placed 208 candidates on the list, 100 of whom were listed solely due to their support of Roh’s impeachment. Other criteria included the candidate’s perceived participation in corrupt activities, violation of election laws, and record on human rights. The impeachment issue was included, according to the PSPD director, because it demonstrated that those NA members were “acting against the voters’ will.” Despite the pro-Uri bias embedded in the selection criteria, 10 Uri people were placed on the list.

Other NGOs, such as TI-Korea, conducted voter education activities. TI-K, for example, created an evaluation sheet on the Internet to encourage the public to evaluate each candidate on different criteria. In addition, the website provided certain basic

information on the parties and their platforms. TI, however, did not participate in the blacklist campaign with other organizations.

Media groups in Korea also played a critical role in political finance oversight by exposing corruption scandals and raising public awareness about the need for clean politics. Observers reported, however, that biases in the media were significant. The three leading newspapers, for example, have been labeled “anti-government” since the Kim Dae Jung administration. One other major paper was reported as more favorable to the Uri party and President Roh. TV companies were considered slightly “pro-government,” as the government had a controlling interest in the ownership structure. The head of the state TV, for example, was appointed by the president. Therefore, during the campaign, there were conflicting angles provided by the various news sources. For example, there was an ongoing battle between the broadcast companies and the press about coverage of the impeachment process. One journalist explained, however, that most voters were aware of the various biases and could therefore judge for themselves.

Internal Party Reform

Unfortunately, not many Korean observers gave the political parties credit for the recent political finance reforms in the country. As one NGO leader pointed out, “They only responded to pressure, they never initiated changes on their own.” As described above, increased public disgust in parties and politicians, enhanced oversight and punishment, and exposure of corruption scandals gave the parties little choice but to try to limit financial abuses and clean up their image. In the words of one journalist, “They were pushed to respond to outside force.”

As part of their response, party leaders recognized the need to improve their financial practices and made efforts to ensure their candidates were obeying the laws. Parties also responded to public disgust with political party wealth by competing with each other to demonstrate their poverty. Moreover, with dried up corporate contributions, parties had to develop other, legal means to raise money. As a result of the altered landscape, parties in Korea have undergone significant changes.

Whether initiated voluntarily or pressured by external factors, Korean parties also made efforts to democratize their decision making processes. Candidate nomination was the predominant example cited of how parties were encouraging greater internal democracy. As described above, parties used a combination of primaries and opinion polls to select candidates, and non-party members were invited to participate in these primaries. One academic explained that in the past, parties were dominated by a few powerful leaders, but these “hegemonic leaders” had vanished due to the reforms implemented through legislation and internal party changes. He added that this trend provided fewer opportunities for corruption but also had led to party instability.

NEC officials also described the risks of a more open candidate selection process. They explained that the internal elections involved significant expenditures, although they were unable to offer official numbers on the amounts spent to secure party nomination. They said that bribing party members for nomination violated electoral laws and the NEC technically had the mandate to investigate vote buying within the party. Although NEC officials said they believed that the candidate selection process was much “cleaner” than in previous years, they speculated that the Uri party had several cases of fraud and bribery during the internal nomination process. They added that because MDP and the GNP still employed a more “top down” candidate selection process, less money was spent during the internal campaign and fewer infractions took place. A few journalists supported this view, adding that when non-party members participated in candidate selection, the possibility for manipulation increased.

Uri Party

Only established in late 2003, the Uri party was formed quickly by defectors from, primarily, the MDP and others who supported President Roh. Party officials explained that they had not had time to institutionalize the party and complete a full membership campaign. Party officials estimated, however, a membership of 200,000, mobilized after the impeachment of Roh. Uri officials explained that the party also did not have much time to define its agenda, and the party has only held one convention. Uri’s main, unifying campaign issue, as described above, was the impeachment.

Despite being accused of having “no real policy agenda,” in the words of one journalist, Uri was acknowledged to be a party without a strong regional base, challenging one of the historically critical, and arguably damaging, determinates in Korean politics. In addition, Uri was able to influence party discipline on certain issues. Many Uri members, for example, were against dispatching troops to Iraq, but stuck by President Roh’s final decision to do so.

From its establishment, the Uri Party promoted its focus on combating political corruption by introducing new political finance laws and demonstrating its commitment to reform through the party’s internal practices. The Uri Party charter and regulations established internal reform measures, including the implementation of primary elections, which would allow the participation of ordinary citizens, and the abolishment of local chapter offices. The party by-laws require all NA members to pay a percentage of their salary to the party, based on a sliding scale depending on seniority. Uri officials admitted that it had been difficult to collect these fees. Uri leaders also acknowledged that with respect to curbing financial abuses within the party, “there is an internal struggle everyday.”

For Uri candidate selection, the party involved approximately 500 people per district, 50% from the party and 50% non-party representatives, in the party’s primary to select 237 candidates to the National Assembly. One academic acknowledged that several prominent and powerful people ran in Uri’s primary but still lost. Uri also conducted polls and

interviews to gauge public opinion about candidates. In approximately 30 “strategic areas,” party leaders acknowledged that the leadership made final decisions on candidate choices. For the 53 people placed on the party list, Uri created a committee of 15 party leaders and 15 “outsiders” to develop criteria and review applications. Uri employed an open application process, and 240 people submitted their names.

As a result of its quick formation, several outside observers predicted that Uri would undergo a significant power-struggle after the elections. According to one observer, the party represented too many differing ideologies and never established a clear party agenda, a recipe for internal discord. Uri leaders also acknowledged that the party was factionalized, and one senior leader explained that there were three main groups in the party. These differences became particularly exposed, he said, during the party list selection process. In addition, those who defected from GNP, he added, “have a different outlook on how the party should be managed.”

Grand National Party (GNP)

GNP officials admitted that exposure of the party’s involvement in egregious corruption scandals forced the party to take significant confidence-building measures. Park Geun-Hye, daughter of former president Park Chung Hee, was elected chairperson of the party on March 23, 2004 in an “emergency convention.” Upon inauguration, she claimed that she would never “step foot” in the party headquarters, which, in her opinion, was tainted by corruption. She pledged to sell the headquarters and use the money to help pay back stolen funds. In the meantime, the party used a make-shift headquarters built from tents, “demonstrating its poverty.” She announced that party employees would also not receive salaries. There was some resistance to her efforts to change the image of the party, according to party leaders, but many acknowledged that radical steps were needed to regain popular support.

Chairperson Park served several purposes for the GNP. Her political experience was significant, as she served as “first lady” during her father’s administration after her mother passed away. She was also considered clean and, according to one academic, could therefore deflect corruption accusations against the party. In addition, she was able to capture certain regional interests, indicating GNP’s continued adherence to a more regional-based campaign strategy.

In addition to making a significant shift in leadership and changing its public appearance with the new party headquarters, the GNP experimented with open primaries for the first time in preparation for the April elections. Like other Korean parties, party officials reported that half the participants in the primaries were party members and the other half included “regular citizens,” who registered with the party to participate. Party officials estimated that approximately 1.5 million people voted in the primary in total, with approximately 1,000 voters per constituency, although this number was considered a gross overestimate by outside observers. GNP leaders claimed that their party had greater participation in the candidate selection at the constituency-level than any other party. In

addition, GNP leaders asserted that the leadership was not allowed to veto primary decisions. Party officials acknowledged, however, that the internal election process was still imperfect and cases of vote buying did occur.

The candidates elected through this new process represented a major shift for the party, as 46% of the selected candidates were new, “replacement” candidates. Incumbents did not perform well, according to party leaders. Six GNP legislators moved to the Uri party, which GNP officials claimed was a result of their failure to secure GNP nomination. For the party list, GNP selected 43 candidates, all of whom had never been elected politicians, in an attempt to “freshen” the image of the party. However, for the party list candidates, no primaries were employed. Chairperson Park formed a selection committee to pick individuals from a list approved by the party’s steering committee.

GNP officials also described shifts in the party’s leadership selection process. Going forward, the party would rely more heavily on public opinion surveys and allow greater participation in the party’s national convention. GNP leaders said that over 5,000 delegates participated in the last official convention.

Prior to the campaign, the party conducted an education program for all candidates. Chairperson Park lectured about the importance of adhering to the new electoral law. She also said that anyone discovered violating the law would be automatically disqualified, although at the time of the mission there had been no disqualifications. All the candidates also had to use their own financing to cover their campaign, as the party refused to donate any money.

Despite efforts to ensure ethical behavior, GNP officials acknowledged that party candidates were still on NGO blacklists. They explained, however, that this was primarily due to the party’s participation in the impeachment of Roh. Party officials also recognized that the GNP had not responded well to civic organizations’ complaints, which was the reason several incumbents lost in the more open selection process.

Party officials explained that they changed the party’s financial management practices to better comply with the new political finance legislation. Every candidate was required to open her or his finances for public review, and the party published records on the Internet through the district election committees. Officials acknowledged, however, that they could not control or keep track of all candidates.

Despite reform efforts, party officials recognized that the GNP still had “a long way to go” to repair the party’s image. Most party representatives predicted that the reforms to date were not enough and the party would be “punished” in this election. The party would have to continue to redefine itself after the elections. Party leaders also described the continued resistance, among some camps, to Park’s agenda and leadership style.

Millennium Democratic Party (MDP)

The MDP was dealt a severe blow after the split of the party and the establishment of the Uri party. Many of the so-called “reformers” in MDP defected to Uri, leaving the party with a significant loss of seats in the NA. Moreover, the party’s participation in Roh’s impeachment further weakened public support. Even after the split, fierce factionalism continued to divide the party between the remaining “reformist” wing and the “mainstream” wing.

These divisions in the party were made apparent in the candidate and leadership selection processes. Officials from the reformist wing reported that the traditionalists in the party actually brought in “gangsters” to affect the party’s decision-making. The party held a preliminary primary to determine candidates, but reformist leaders did not accept the result of this primary because of suspected manipulation. After endless in-fighting about the party’s candidates and leadership, the party agreed to let Leader Chou, a “reformist” with a high public approval rating, back to head the campaign, and the party candidates were re-shuffled. The party ended up fielding 243 candidates in the single member districts and 26 party list candidates.

In addition to finalizing the party’s candidates, Ms. Chou also recognized the party’s grave mistake on the impeachment issue and attempted to repair the party’s image. To demonstrate the party’s regret, Leader Chou performed a traditional, and very painful, apology ceremony where she took two steps and prostrated herself for a period of two days.

Party officials explained that with all the other difficulties facing the MDP, they had been immune from political finance scandals. MDP candidates were on NGO blacklists but due primarily to participation in the impeachment process. Outside observers acknowledged that donations to MDP had “dried up,” and therefore there were few opportunities for abuses. However, according to some academics, traditionalist MDP members had been using unsavory methods to re-ignite divisive regional sentiments in MDP’s stronghold, Cholla.

Despite the party’s troubles, officials expressed commitment to preserving the party, claiming the MDP had a clear mandate and sound policies. They argued that the party had an important history of fighting dictatorship and “should not vanish.” Party reformers predicted that after the election, they would bring in “new blood” to rejuvenate and reform the MDP. Moreover, because there had been violations of the election law, MDP officials hoped they would be able to field new candidates in by-elections and regain seats. Outside observers, however, asserted that the MDP would simply disappear after the elections, with members defecting to Uri or other parties.

Election Results

On April 15, Koreans took to the polls, and of Korea's 35.61 million registered voters, 59.98% turned out to vote, up 2.7% from the previous parliamentary elections held four years ago. The Uri party gained a slim majority of 152 seats out of the 299-seat National Assembly. Of the 152 seats, 23 were earned through the party list. The GNP lost its control of the legislature, which it has held since 1997, winning 121 seats. The MDP secured only nine seats, and the ULD won four. The progressive Democratic Labor Party (DLP) surprised all by emerging from these elections as the second largest opposition party, winning 10 seats when it previously held none. It was the first time in 44 years that a progressive party secured seats in the National Assembly. The election results were also notable for the increase in female legislators to the National Assembly, and female representation reached an unprecedented 10%, with 30 women elected to the legislature. The remaining three seats went to independent candidates.

Many observers believe the parliamentary election results indicate the Korean public's endorsement for Roh, their verdict against the March 12 impeachment, and also their choice for reform over stability. Most of the major figures involved in Roh's impeachment were not re-elected, while many new legislators won their seats running with the Uri Party. Shortly after the election, the Constitutional Court over-ruled the impeachment verdict, and President Roh returned to the Blue House.

**PHILIPPINES PRE ELECTION ASSESSMENT MISSION
PRESIDENTIAL AND CONGRESSIONAL ELECTIONS
MAY 2004**

NDI-CALD Mission

The National Democratic Institute for International Affairs (NDI) and the Council of Asian Liberals and Democrats (CALD) organized a pre election assessment mission to the Philippines from May 3 to 7, 2004. Mission participants included: Mu Sochua, Cambodian Minister of Women's and Veterans' Affairs and a leader in the FUNCINPEC party; Yu-ming Shaw, Director of Taiwan's Kuomintang Party (KMT) think-tank and a member of the KMT central committee; and Kie-duck Park, Vice-President of Korea's Sejong Institute. John Coronel, Executive Director of CALD, and Laura Thornton, Senior Program Manager from NDI, organized the mission.

In this program, the team spent one week during the campaign period in Manila, meeting with party leaders and campaign advisors. Many Philippine political parties, the Liberal Party (LP), Lakas, National People's Coalition (NPC), Laban ng Demokratikong Pilipino (LDP), and AKBAYAN, have been active participants in the NDI-CALD regional party reform program. In addition to meeting with party representatives and candidates from the main parties, the team also met with NGO representatives, government officials, journalists, business leaders, and academics. The program's objectives and methodology are outlined in the introduction to this report.

The Campaign

The presidential race dominated the campaign period in the Philippines. The Philippine president is nationally elected on a first-past-the-post basis. The 1987 constitution modified the term limit for the president, who can now only serve one six-year term. Incumbent President Gloria Macapagal Arroyo was able to compete in the 2004 election because she did not serve a full six-year term but rather assumed the presidency following the impeachment of former President Joseph Estrada. Although in 2003, she vowed not to run in this year's election, she soon reversed her decision, claiming popular demands for her contestation. Arroyo selected Noli de Castro as her running mate. Her main competitor was former actor, Ferdinand Poe Jr., who ran with Loren Legarda-Leviste.

The selection of the two main presidential candidates illustrated the weak role of parties in Philippine politics. Although Arroyo is currently the leader of Lakas, her history shows little adherence to any one party, having launched the party Kampi in 1998 in her previous bid for the presidency, and becoming the Lakas leader only following her ascension to the presidency after the ousting of Estrada. In fact, Arroyo never technically resigned from Kampi, and, ironically, Kampi members competed against Lakas members in 14 congressional districts. For the May election, Arroyo was on a presidential ticket with

the endorsement of not one but three main political parties, which formed the coalition “K4.”²

Ferdinand Poe Jr. is not a member of any party in the Philippines. He earned his place on the ballot after receiving approximately three million signatures to endorse his candidacy. His main support initially stemmed from a faction of the Laban ng Demokratikong Pilipino (LDP), due to the early endorsement of Poe by LDP leader Edgardo Angara. Poe never joined LDP, however, and his supporters eventually formed the coalition “KNP,” *Koalisyon ng Nagkakaisang Pilipino* (Coalition of United Filipinos).

Other significant presidential candidates included Panfilo Lacson, Raul Roco, and Eduardo Villaneuva. Panfilo Lacson, a well-known businessman, ran as an independent with a reform platform, despite allegations of his involvement with organized crime. Roco, a lawyer, created his own coalition, *Aksyon Demokratiko* (Democratic Action Party) / *Alyansa ng Pag-asa* (Alliance of Hope), after failing to get the endorsements of any of the major Philippine parties. Brother Eddie Villanueva represented the party *Bangon Pilipinas* (Rise Philippines) and ran on a religious platform, stressing morality, alleviation of poverty, and family values.

In addition to parties’ insignificant role in presidential candidate selection, parties were openly divided in their endorsements, further demonstrating the lack of party loyalty and discipline in the Philippines. Several people within the LDP, for example, despite their leader’s endorsement of Poe, decided to back other candidates. LDP secretary-general, Butch Aquino, for example, was infuriated by Angara’s early endorsement, and, as a result, factionalism within the LDP was exacerbated. The NPC actually gave party members a “free hand” to support the candidate of their choice. The NPC leader, Eduardo Cojuangco, for example, could not “go against” Arroyo due to the government’s significant stake in his company, San Miguel. He recognized, however, that other party leaders supported Poe and did not prevent them from doing so. The strength of Roco’s *Alyansa ng Pag-asa* was also questionable since Lito Osmeña of Promdi, one of the leading members of the coalition, openly endorsed another presidential candidate when Roco left the country in the homestretch of the campaign trail for health reasons

Although most observers described the campaign as generally calm, targeted violence was a concern in this election. The National People’s Army (NPA), a communist movement, created problems in the campaign, attacking mostly AKBAYAN, a small party list party, candidates. Two local AKBAYAN leaders were killed during the campaign. In addition, NPA members harassed and extorted money from constituents in key areas. Some accused the government of cooperating with the NPA during the campaign, as attacks on government supporters and candidates stopped a few weeks before the election.

² K4 stands for *Koalisyon ng Katapatan at Karanasan para sa Kinabukasan* (Coalition of Honesty and Experience for the Future). K4 members included Lakas, the Liberal Party, and the People’s Reform Party. After the elections, K4 was joined by Kampi and NPC.

Strategies and Issues

In February 2001, regulations were passed forbidding the publication of public opinion survey results within 15 days of polling. However, the Supreme Court overturned this restriction, allowing survey institutes to announce their data, including exit polls. The 2004 campaign, therefore, was inundated with polling results from numerous agencies, and polling became a campaign issue in and of itself, with campaigns emphasizing whichever results demonstrated their lead.

Despite being significantly behind in the polls only a couple months before the election, Arroyo began to edge ahead of Poe in the week prior to polling day. PulseAsia, considered one of the more credible polling agencies in the Philippines, conducted a survey in January that showed a 38% to 26% lead for Poe over Arroyo. However, on March 27, PulseAsia had Arroyo ahead of Poe by 34% to 31%. A *Manila Standard* survey on April 22 placed Arroyo at 37% and Poe at 27%. There were fierce disagreements about these poll results, however. Poe supporters referred repeatedly to survey results of their own to prove Poe's advantage. According to one NPC leader, a poll of 16,030 respondents conducted by the University of the Philippines between April 13 and 30, found Poe ahead of Arroyo by 13%.

In addition to gathering numbers on the candidates, PulseAsia conducted several surveys during the campaign to determine the priorities and concerns of Philippine voters. One of the main criteria identified by the public was how "pro-poor" the candidate was perceived to be. "Knowledge and experience" also was cited as an important criterion, a result, some speculated, of disappointment with Estrada's leadership. Arroyo tended to garner the support of those who prioritized "knowledge and experience." Poe, on the other hand, performed better with voters who selected "pro-poor." Polls also showed that the so-called "a," "b," and "c" classes, representing the elite, upper, and middle stratifications of society, supported Arroyo, while Poe attracted the populous "d" and "e," the "laborer" and poor classes.

In general, most of those interviewed during the mission said they believed that the image of the candidate was more important to the majority of voters than the substance of her or his platform. The "pro-poor" image, for example, translated into being sympathetic. Former President Estrada, many said, embodied this image due to his ability to visit poor communities, eat with people, and physically reach out to them. Candidate Poe was also described as having this gift, while Arroyo was viewed as having, in the words of one journalist, "a colder approach." One senior Poe campaign manager said that Poe's most successful campaign tactic was meeting people in person. The ability to "literally touch people" was a critical campaign strength, confirmed by many election observers and analysts. According to one political consultant, "Sound bites and drama are far more important than speeches or debates." Philippine political analysts also explained that the

average voter tended to support the image of the “underdog,” or those who were not “in the seat of power,” thereby hurting incumbents who arguably have more experience.

Image, however, was not everything in this campaign. NGOs, such as the Philippine Center for Investigative Journalism (PCIJ), argued that, particularly after the Philippines’ experience with former President Estrada, voters focused more on capability and experience than they had in the past. Even the “d” and “e” classes “won’t just elect any actor,” according to one NGO leader. Another political consultant believed that voters had the “never again” attitude and would actually shy away from “another actor.” Many observers argued that Poe had “grossly underestimated” the poorer classes and their ability to be “wowed” by image, celebrity, and “hands-on” campaigning.

Unlike image and experience, policy was not considered an ingredient for electoral success. As a result, the campaign was not dominated by a debate on substantive issues, and it was difficult for people to identify and differentiate the platforms of candidates. In fact, both Arroyo and Poe refused to participate in a public debate, despite public surveys that showed over 60% support for presidential debates. Poe’s campaign manager said that Poe turned down debate invitations because it would just be “a negative attack by the biased media.” As a result, Arroyo refused to participate, claiming she would have been simply “put on the defensive.” According to one Lakas official, “There was more to lose than to gain” by participating in a debate without Poe.

Despite a lack of attention to concrete issues, both candidates did have policy teams advising them. Although Poe surrounded himself with traditional politicians during much of the campaign, courting supporters like Emelda Marcos, he did recruit respected technocrats and academics to help on his campaign platform and draft policies. Because of her incumbency, Arroyo already had an agenda going into the campaign. As one campaign manager explained, her platform essentially “extended her current vision as president.” Her six priorities included job creation, universal healthcare, improvements in education (3,000 new schools), energy/electricity provision, support to small businesses, clean water, and effective foreign relations.

Although most voters did not prioritize policies in the campaign, “the state of the economy” was cited most frequently as an important campaign issue, particularly among the upper (“a” and “b”) classes. Observers reported that the Philippine economy was at a standstill. Although GNP was estimated to grow at around 4% in 2004, economists argued that this was temporary and consumption-driven. One academic painted a bleak picture, explaining that the budget deficit was large, energy costs were rising, and foreign debt was estimated to be at least 70% of the GDP, with debt servicing at about 40% of the budget.

In response, business associations, such as the Philippine Chamber of Commerce and Industry (PCCI), conducted voter education programs, emphasizing important criteria for presidential candidates and analyzing the economic credentials of the contenders. Although PCCI is non-partisan, leaders claimed that 78% of their members supported

Arroyo. According to one leader, “Given PCCI’s goals and criteria for leadership, our choice for president is obvious.”

According to pollsters, there were no significant variations in voting opinion based on gender, but geography was an influence, with the Visayas area strongly pro-Arroyo and metro-Manila and Mindanao in favor of Poe. Youth leaders from the main parties also explained that there was “no such thing anymore as the ‘youth vote.’” However, in this campaign, surveys showed the youth favoring presidential candidates Lacson and Roco. Another concern for youth voters was that many were unable to register due to lack of proper information and poor electoral administration.

Poor voters reported that they were affected by the media, their family, and the church, with 30% of voters saying that they would support a church-backed candidate. Variations in voting based on ethnicity, according to pollsters, no longer existed. One polling expert explained that both among Muslim and non-Muslim voters, Muslim candidates did not perform well. Even in the ARMM region, Muslims consistently voted for non-Muslim candidates. Finally, observers reported that party identification was definitely not a basis for voting. One question asked by PulseAsia was whether the respondent would vote for a person who switched parties, and most respondents replied that it would not affect their decision.

An interesting and relatively new tactic employed in this election was the use of professional political consultants. Groups like PUBLICUS, for example, a non-partisan, for-profit political consultancy group, were working on campaigns conducting polling and surveys, and helping with message development, team building, campaign management, and even fundraising. One consultant argued that the movement toward strategic planning was a positive trend, as candidates were employing more “science” in their campaigns, instead of relying on old-style political operators who used “traditional methods,” such as fraud, to win elections.

Election Preparedness

The issue of election preparedness dominated the 2004 campaign. Legislation in 2003 paved the way for electoral computerization for the first time in the Philippines, a necessity to avoid widespread problems in the tallying of the votes. The law on automation pertained to both the counting of votes as well as the voter registration process. COMELEC spent 1.3 billion pesos to purchase computers from Korea to carry out the task. However, because COMELEC failed to follow proper procedures on the bidding for machines, the Supreme Court ruled that the computers could not be used. Therefore, in 2004 COMELEC once again had to do a manual count. Many argued that COMELEC should have been allowed to use the machines, which most deemed to be technically sound.

As a result, in the weeks before the election, the primary concern among election observers was the credibility of the count. Many NGO observers, candidates, academics, and journalists emphasized that COMELEC personnel could be easily “purchased” during the count, as in the past. They argued that it was a much easier strategy to manipulate the count (so-called “wholesale vote buying”) than to campaign and buy votes at an individual level. There were, however, several checks in place. Election monitoring groups like NAMFREL organized a “quick count” effort to verify counting results. In addition, both Arroyo and Poe’s coalitions, K4 and KNP, were entitled to copies of the count from each center, so party pollwatchers would be able to conduct their own quick count and identify any discrepancies.

Adding to concerns, one week before the election, the voters’ lists were still incomplete, despite a requirement that they be finalized and posted by February 15, 2004. COMELEC explained that it did not have time, after the cancellation of the computers, to input and encode information on voters. The commission was also unable to integrate the old and new voters’ lists in time. As a result, many suspected the existence of “padded” lists, with duplicate names and “ghost voters,” names of deceased from the old list that had not been deleted. Many voters were also disenfranchised, with their names missing from the list, including one senior advisor for the Poe team.

One senior Poe campaign manager believed the lists included four million “extra” voters, and other candidates speculated that the padding of the voters’ lists could be “a decisive factor in the election.” The COMELEC Chairperson acknowledged, “Because the lists are not accurate, politicians will be able to take advantage of them.” Campaign officials for Poe argued that the Poe team had a disadvantage, as its key constituents, mostly “d” and “e” voters, were the people “most likely to give up” after not finding their names. Most observers stated that the problems were not deliberate efforts by COMELEC but rather due to the cancellation of the computers, incompetence, and lack of administrative oversight.

The role of teachers in the elections also caused some concern about preparedness. The Department of Education in the Philippines was responsible for mobilizing teachers to serve as election officials on polling day. There were approximately 640,000 poll clerks, 75% of whom were teachers. These teachers were expected to work on average 36 hours straight and were provided a minimal per diem for their services. COMELEC initially gave teachers the right to work where they were not registered to vote, only to reverse its decision just two weeks prior to the election. As a result, the Department of Education had to revamp its entire strategy to comply with the new regulations. One serious concern, according to department officials, was that teachers were particularly susceptible to being accused of electoral fraud and violations. Therefore, the department was determining a strategy and gathering a team of lawyers to protect teachers in electoral cases.

Absentee voting was another disappointment in this election. An absentee voting law was implemented in 2003 and was effective for the first time in this election. Only

360,000 of the estimated seven million overseas workers registered to vote, varying from 88,000 in Hong Kong to 12 in Cuba. Many observers explained that this low turnout was due to the deterring requirement that all absentee voters sign an agreement to return to the Philippines after three years.

As a result of the problems in preparation, COMELEC's image significantly dropped, and the agency was repeatedly accused of incompetence throughout the campaign. Some politicians also charged COMELEC for partiality, particularly as Chairperson Abalos was appointed by the President. Even Lakas leaders admitted the chairperson's affinity toward the party.

Given the intense criticism, particularly from the KNP coalition, that the election process was fatally flawed, there was widespread concern prior to the elections that the results would be rejected and chaos could ensue. K4 representatives accused the KNP of "laying the groundwork for not accepting the results." Supporting this argument, many KNP officials warned of "massive riots" if Poe did not win. Arroyo campaign officials claimed, however, that there would be "no cheating by K4 candidates." In the words of one Cabinet member, "We are not so crazy as to cheat when we are ahead!" In addition, K4 officials expressed faith in the deterrent ability of party monitors. As one Lakas leader said, "Both camps will serve as a check on each other."

Electoral and Political Finance

Legislation

The Philippines has a bicameral legislative system. The upper body is the 24-member Senate. Senators are nationally elected in a first-past-the-post system to six-year terms and are prohibited from serving more than two consecutive terms. Half of the Senate seats are contested in mid-term elections held every three years. The lower body is the House of Representatives, which includes 209 representatives who are directly elected from single-member constituencies. Representatives serve three-year terms and are restricted to serving no more than three consecutive terms. The tendency of political parties in both houses to form coalitions around the party of the president facilitates general cooperation between the legislative chambers.

The Philippines has an unusual party list system, in which parties representing so-called "sectoral interests" can participate. The 1995 Party List Law enabled a constitutional provision that requires twenty percent of the members of the House to be elected through this national party list system. After the May 2001 mid-term elections, however, there were only seven party list representatives, although up to 52 seats are allowed. Parties receiving 2% of the vote are able to earn a seat, with a maximum of three seats per party, and 61 party list parties participated in the 2004 election.

The system was established because marginalized groups had difficulty getting representation through the mainstream parties. Party list representatives themselves acknowledged that the party list system was not ideal and would no longer be necessary once the Philippines established more mature and less “personalistic” parties. One party list candidate said that in some ways the current party list system “further marginalizes marginalized groups,” as their interests should be “integrated into the agendas of the main parties with influence.”

Currently, 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. Parties are not required to follow certain procedures with respect to their internal practices and structures, there are no party defection prevention measures, and the government provides no funding to parties for institutional development. Furthermore, there are no limits on party spending or contributions, no required declarations of assets and liabilities by party officials, and no requirements to disclose financial records. The government is the only Philippine organization that is explicitly prohibited from contributing to political parties. Therefore, the party system in the Philippines lacks transparency, and parties are not held publicly accountable for their activities or their finances.

Only during the campaign period are parties regulated. According to the Omnibus Election Code, the following are prohibited from making electoral contributions: public educational institutions; foreign nationals or corporations; public and private financial institutions; public utilities; corporations that hold government contracts or sub-contracts; and corporations that have been granted franchises, incentives, exemptions, allocations, or similar privileges or concessions by the government.

According to the Synchronized Elections and Electoral Reforms Law of 1991, candidates for president, vice president, and the Senate cannot spend more than 10 *pesos* for every registered voter. All other candidates are allowed to spend a maximum of three *pesos* for every registered voter in their constituency. A political party can spend a maximum of five *pesos* for every voter currently registered in the constituencies where the party is fielding candidates. If a candidate is not affiliated with any political party, he or she is allowed to spend a maximum of five *pesos* for every registered voter in the constituency. In the 2001 elections, nationwide there were 36,334,232 registered voters. Therefore, a senatorial candidate was allowed to spend 363,342,320 *pesos* (about \$7 million USD), and political parties that fielded senatorial candidates could spend half that amount.

Candidates and treasurers from all political parties are required to submit to COMELEC itemized statements of all campaign contributions and expenditures within thirty days after the day of the election. A COMELEC commissioner explained that the records must disclose the names and addresses of all donors, although, contradictorily, contributions could be anonymously given. These accounts become part of the public record for three years.

COMELEC is responsible for enforcing electoral laws and monitoring all party activity during the campaign period. It has the authority to decide on all questions affecting elections, including the registration of political parties. To ensure free, peaceful, and credible elections, with the president's approval, COMELEC can work with law enforcement agencies and government institutions, including the Armed Forces of the Philippines. The commission has the exclusive authority to conduct preliminary investigations of election offences punishable under the Omnibus Election Code, and it can prosecute offenders. Although COMELEC can disqualify candidates for violations related to the electoral laws, all criminal violations must be settled through the courts. In addition, if the commission fails to act on any complaint within four months from the date it was filed, the complainant may file the complaint with the Department of Justice for investigation and prosecution.

There are six COMELEC commissioners and one chairperson. The commissioners serve one seven year term. They are appointed by the Commission on Appointments, and the terms are staggered. There are 25 members of the Commission on Appointments, and the Committee chairperson is the Senate president. All parties have representation.

Given the need for improved legislative oversight, the Philippine political parties united to draft legislation on parties and political finance. Although this draft legislation passed in the House, it became stuck in the Senate. The bill addressed numerous concerns such as the selection process for COMELEC leaders, party defection, and corruption in political operations. The bill would provide a state subsidy to, mandate standards and training for, and strengthen the ideological nature of Philippine political parties. The law would require certain criteria for party registration and would make switching parties more difficult, given the tremendous problem with party defection to the party of the president following elections. According to one Arroyo campaign manager, "The law would radically transform election in the Philippines," and all main parties endorsed the bill.

There was unanimous agreement, however, among politicians, business leaders, NGO representatives, and academics, that the first step needed to reform elections and political finance in the Philippines was constitutional change. As one politician said, "Problems cannot be addressed through mere legislation." Virtually all the parties agreed upon a constitutional convention, involving delegates across the country, instead of a constitutional assembly, previously supported by several politicians, in which only legislators could participate. Arroyo campaign staff said that the President already established an Advisor on Constitutional Reform to recommend the process.

Most interviewed about constitutional changes advocated a unicameral system, complaining that it was too difficult to pass legislation through the Senate. In addition, the power of the president was "thwarting the political system," according to one business leader, and a parliamentary system was therefore preferred. Many argued that the parliamentary system would enhance accountability in the political system. People were

also in agreement about the need for federal system, to provide more autonomy to the provinces. Most favored proportional representation instead of the current majority-plurality electoral system.

Practices

Observers from all sectors reported that political practices in the Philippines continued to be dominated by money, nepotism, and patronage. According to a recent study by the Philippine Center of Investigative Journalism (PCIJ), the ingredients necessary for electoral success were the seven m's: money, machinery, media and movies, marriage, myth (e.g. justification of family rule), murder and mayhem, and mergers. This study found that legislators were much richer than in the past and staying in office longer. In addition, political families dominated Congress, with 61% of representatives having a relative in an elected post. Moreover, one Philippine academic explained the importance of buying government positions, costing, conservatively, 2.2 billion pesos per position.

This study also found that Congress was increasingly inefficient: fewer bills were being passed; legislation was more expensive to sponsor, even with the congressional budget increasing; and Congress did not follow auditing rules or report on the spending of allowances. The Philippines is also known for its separate funds allotted solely for congresspeople to spend on development projects in their constituencies, commonly known as "pork." Most of this money has been used to enhance patronage networks and been distributed only in the areas that voted for the congressperson. PCIJ estimated as much as 30% of the money was stolen and pocketed by the congressperson.

With respect to campaign finance, it was widely accepted that all candidates violate the limit by exponential amounts. As one academic explained, if 20% of voters admitted accepting money for their votes, on average 500 pesos per person, then candidates, based on constituency sizes, must spend 11 million pesos on vote buying alone, putting them well over the limit. Moreover, with candidates themselves reporting that they exceeded the media limit, academics calculated the cost of media spots, deducting government provisions, and found that campaign spending limits were violated on media expenditures alone.

According to all reports, there was absolutely no independent monitoring of campaign fundraising or spending for the 2004 elections. One election monitor explained, "It is simply too difficult." Party officials also explained that the parties should not be the focus of campaign finance monitoring because all money goes directly to the candidates. One campaign leader concurred, "The party simply doesn't get bulk money." Moreover, party leaders acknowledged that they were not able keep track of the fundraising or spending by their candidates, and no reporting was required of their members. As one party official stated, "It is anarchy. Candidates never report to the party, so the party has no idea how much is spent."

Funding Sources

According to NGO representatives, business leaders, and candidates, campaign funding generally came from business donations, and businesspersons tended to provide some financial support to all candidates in order to “hedge their bets.” Small donations from party members or “ordinary,” small supporters were rare, and one academic said that campaigns on average only had “15 to 20 donors in total.” “Black money,” or money from illegal activities such as gambling, drugs, and smuggling, was still a significant source of funds for candidates. This was particularly true at the local level, as local officials are largely responsible for rewarding the valuable contracts and concessions needed by people engaged in illegal activities. Several NGO leaders and academics claimed, however, that presidential candidate Lacson received the greatest amount of illegal money in this campaign.

Business leaders, such as PCCI directors, explained that companies did not give as much money to politicians as in past campaigns, estimating that businesses gave only 20% of what they previously donated. Asked why, one businesswoman replied, “Financing parties and candidates is simply not as effective because returns are not guaranteed.” She added that because of the presence of watchdogs and the potential for exposure, companies were more careful. The government, for example, started using an open bidding process, making it difficult for financiers to influence results. An academic agreed, explaining that there was also a new set of economic interests that made logging concessions, contracts, and licenses -- prominent areas for corruption -- in reduced demand. Moreover, he added, attitudes among the business community had changed. One politician, however, argued that although businesses decreased their cash donations, support was provided through in-kind donations, usually with media time.

Poe campaign managers reported that the majority of the candidate’s funding came from small cash contributions by individuals and business leaders, as well as from in-kind contributions, such as volunteers. When Poe’s citizenship was thrown into question at the beginning of the campaign, his campaign and fundraising ability was suspended for one month, presenting a serious setback. Campaign managers also explained that Poe competed with Lacson for the same funding sources, creating difficulties. The Poe campaign refused to ally itself with “local powerbrokers offering concessions,” according to a campaign official. Poe supporters also complained of intimidation and claimed that businesspeople who had agreed to fund the Poe campaign were harassed by “strongmen,” allegedly backed by government officials.

Despite numerous reports to the contrary, Arroyo campaign managers emphasized that her campaign was “one of the most poorly funded campaigns in recent history.” They explained that donors had “unreasonable demands” and that the President was unwilling to fulfill them. They did acknowledge receiving the bulk of donations from corporations.

An unusual aspect of this election was that it was the first time an incumbent ran for president. As described above, the Philippines has a one term limit for the president, but because Arroyo assumed the office only after the ousting of Estrada, she technically did not serve a full term. Her incumbency naturally meant she had the advantage of certain state resources and projects. Arroyo conveniently waited to announce, for example, the completion of development projects during the campaign. One such project, the Road Maintenance Project, involved the employment of numerous new street sweepers, and was viewed as a flagrant attempt to court additional votes from the unemployed.

More seriously, many observers and opponents also accused the Arroyo campaign of skimming money from infrastructure projects to fund campaign activities. It was alleged, for example, that she handed out free health cards to certain constituents, only once the campaign period started. One academic said that the government also took money from casinos and the gaming commission to purchase motorcycles for the campaign. According to one NGO leader, she left “no stone unturned” in order to influence voters.

Even Arroyo supporters agreed that the President used government resources in her campaign. One business leader explained, “It’s OK. People need to know about her programs.” Arroyo campaign staffpersons asserted that there was nothing illegal about the president’s campaigning. They claimed that the government projects she had been announcing were ongoing projects and that they all were monitored by the Commission on Audit. Moreover, they argued, she had the right to point to her performance as president as a factor in the campaign. One Arroyo campaign manager acknowledged, however, “It is difficult to keep government and campaign activities distinct.” He added that there were more requests of the administration during the campaign, suggesting the “demand-side” of political financing.

Political party officials explained that the party played little to no role in the funding of campaigns. NPC officials claimed that the party received very few contributions and all party candidates paid for their own campaigns. The majority of funding for the smaller party list parties came from the government election subsidy. In addition, these candidates raised money from friends, civic groups, and some corporate foundations. A few party list candidates estimated their total fundraising amount to be about six million pesos per party. The party list parties ABA and AKBAYAN claimed to publish all their financial transactions and to disclose the names of their donors to anyone who was interested. AKBAYAN and ABA candidates explained that their campaigns were much cheaper due to their issue-based constituencies.

Campaign Spending

Observers estimated that campaign costs had increased in this election. According to one government official, in 1998, candidates spent approximately two to three billion pesos, while in this election that amount increased to four to five billion pesos. Exact costs were impossible to ascertain given the lack of transparency. One academic estimated it

cost one billion USD to run a successful campaign in 2004. According to COMELEC officials, congressional candidates must spend at least 20 million pesos to win, and presidential candidates must spend one billion pesos.

Candidates reported that the biggest expenses in the campaign were media, organizing, and “election day activities.” As one academic explained, first there was the pre election period, necessitating money for party organization and nomination. Then, there was the “machinery period,” in which the campaign costs kick in for media and rallies. Finally, there were the post-election costs to secure votes, such as bribing counting officials and hiring pollwatchers and lawyers.

Since the ban on political ads was lifted, many dubbed this a “showbiz election,” with media emerging as the main determinate of how people vote. Observers reported that television was the best way in which to reach voters, as TV access is very high in the Philippines, including the “d” and “e” classes. Media was also, reportedly, becoming more sophisticated, with the electorate demanding more impressive images and materials.

Candidates, therefore, reported spending a large percentage of their money on commercials. Poe’s campaign workers explained that over half their budget was earmarked for television ads to “counteract the biased media.” There were “official” media expenditures, such as the legitimate purchasing of airtime, as well as violations and corrupt practices involving the use of media. Everyone, including the candidates, acknowledged that all campaigns violated the television airtime limits of 120 minutes per station (180 min for radio). In addition, according to PCIJ, candidates gave money to journalists to report favorably. PCIJ estimated that both K4 and KNP paid off journalists in equal amounts. The entry of “entertainment” media in election coverage also enhanced corruption, according to PCIJ leaders.

Candidates explained that meetings and rallies were also expensive, requiring campaigns to gather supporters, feed them, and provide transport. Some political advisers and campaign managers stated that mass rallies were not as common as they used to be, particularly for K4 and KNP. Brother Eddie, running on a religious platform, however, relied on mass rallies more than any other tactic to reach potential voters. In addition, much less money was reported being spent by the campaigns on door-to-door campaigning.

Campaign workers also represented a significant expense for candidates. One party leader said that pollwatchers represented the biggest cost for campaigns, with three observers needed at every polling station and a per diem of 300 peso per person. Poe campaign workers, however, said that their campaign’s pollwatchers would be primarily volunteers who would receive no money and bring their own food.

Vote buying is still a common and expected expense for campaigns in the Philippines. Observers reported, however, that “wholesale” vote buying, such as buying officials or mobilizing ward leaders and local patrons, was more common than individual

vote buying, or “retail.” One academic estimated that it cost only 200,000 *peso* to purchase a set of electoral returns, which was a more cost efficient method than buying individual votes at approximately 500 *peso* per person. Politicians and election observers reported that direct vote buying was also not as effective anymore, as voters tended to take money from any candidate but “vote with their conscience.” One observer added that this, however, only held true if the voter was not also threatened. In small and rural areas, one survey institute director noted, it was easier for candidates to use threats than to buy votes. Despite a shift away from direct vote buying, in a recent survey on vote selling, 20% of respondents said they still accepted money in exchange for their votes.

Enforcement and Oversight

It was unanimously reported that election and campaign finance laws were rarely enforced in the Philippines. Despite the scope of its authority and responsibilities, as described above, COMELEC has few resources to provide effective oversight. The commission has few full-time staff persons and often only has the capacity to respond to reported infractions rather than to identify violations proactively. Moreover, cases filed with COMELEC usually take years to resolve. In fact, one observer explained that election protest cases were often considered a waste of money and time because the next election frequently came before the case’s resolution.

COMELEC’s oversight of the finances of candidates and political parties, in particular, is severely impaired. It was reported that candidates’ financial statements were rarely examined despite considerable public doubt about how accurately they reported actual expenditures. Even COMELEC commissioners admitted that the campaign financial statements were “all invalid.” It was also widely acknowledged that the limits were routinely ignored. According to one candidate, “Yes, of course I violate the limit as does everyone else!”

In addition to having problems verifying financial statements, COMELEC also frequently lacks the capacity to enforce the submission of such statements in the first place. In the 1998 elections, only four parties submitted their statements of election contribution and expenditures, and in the 2001 election, no party submitted a financial statement. One academic study showed that one candidate who did not submit his campaign spending records to COMELEC only received a \$90 fine and took six years to pay it off. An academic who was part of the study added, “If the fine is that small, why would anyone go through the hassle of filing reports?”

According to one COMELEC commissioner, there had been some recent changes in electoral regulations that made COMELEC’s job even more difficult. The new Money Laundering Act, for example, conveniently exempted campaign finance from its regulations. Moreover, according to one COMELEC official, Congress decriminalized the overspending of the campaign limit, allowing COMELEC to scrutinize records but deliver no punishments. Therefore, the commission’s plan to examine the books of radio stations, airlines, and other

sources of expenditures to try to identify spending violations had become, according to the commissioner, “a waste of time.”

Unfortunately, as mentioned above, the main civic watchdog groups in the Philippines, like NAMFREL, do not attempt to monitor campaign finance practices at all. NAMFREL officials explained that this was because it “should be COMELEC’s responsibility.” They added that NAMFREL did not have the human resources, and the finances would be impossible and dangerous to trace anyway. As one monitor said, “What’s the point if absolutely everyone violates the law?”

Although monitoring campaign finance was not part of NAMFREL’s mandate, the organization monitored for other election fraud and deployed two volunteers to each of 215,000 precincts. There were certain areas, however, where they were unable to find volunteers. NAMFREL also established a “quick count” center to gather the returns and report on discrepancies. In addition, NAMFREL developed a code of conduct for candidates, but claimed this campaign was unsuccessful. The Poe campaign accused NAMFREL of being partial. Although the organization’s officials did acknowledge that their volunteers could be influenced by political parties or candidates, they added that these instances were rare.

Internal Party Reform

The 2004 campaign illustrated the relatively insignificant role parties play in Philippine elections. Parties were not even necessary to field the main presidential candidates, and campaigns were not generally affiliated with a specific party, but rather with coalitions formed for electoral purposes only. Poe, as mentioned, was not even a member of a party. Arroyo launched the party, Kampi, from which she never resigned, became the Lakas leader, but ran as the representative of a coalition. For congressional candidate selection, the parties, again, did not play a significant role. Most parties respected the “right of the incumbent,” and there were no challenges allowed to sitting officeholders. For other seats, party or coalition leaders simply made decisions, or individuals would field themselves or form a party of their own for registration purposes. Party membership is rare in the Philippines, so member involvement in the candidate nomination process was not a significant issue.

Compounding this problem, party officials reported that there was little party discipline. Many of the major parties could not even exercise the discipline to endorse one presidential candidate. Lack of party affiliation and loyalty, however, is not an issue with voters, as described above, and public surveys revealed that most voters do not even know the candidates’ party membership.

Party officials explained that part of the problem was the lack of funding for political parties in the Philippines. Parties rarely received donations, even during campaign periods. All money, officials explained, went directly to the candidates. In the case of one of the

main presidential contenders, Poe, he had no party to which money could go. Rather, candidates established campaign trusts to receive and spend money. As a result, party activities were minimal, even during important campaigns. Party officials did report providing basic materials, such as pamphlets and posters.

Given, in the words of one congressman, “the irrelevance of political parties,” there was not much to report during this mission with respect to party reforms or activities. Even party representatives mainly discussed specific campaigns, instead of party developments. In addition, the parties reported conducting business in a similar matter, so no single party stood out as unique by operating under different procedures. The party list parties were the exception, and exercise, according to observers, more democratic practices.

The only meaningful change implemented by political parties over the last couple years was party participation in the drafting of political party and finance legislation. Following NDI and CALD’s first Bangkok workshop, the Philippine participants returned home to work on reform legislation. NDI also helped organize a workshop for political parties, academics, NGOs, and legislators to discuss the components of a political party law for the country. As mentioned above, proposed legislation has been blocked in the Senate. All parties, however, are committed to its passage in the next Congress.

Lakas

Entering the 2004 campaign, Lakas held 102 out of 210 seats in the House. The party, like all Philippine parties, employed the “supremacy of the incumbent” rule, allowing incumbents to run unchallenged. Approximately 80% of Lakas candidates, therefore, were already determined. Only 22 had exhausted their three terms. One complication to Lakas’s candidate selection process this time was the formation of the K4 coalition, an alliance of several parties supporting President Arroyo. Therefore, Lakas candidates did compete against other coalition members, including Kampi, the party established by Arroyo.

With the remaining nominations, interested candidates applied for consideration and were first endorsed by local party chairs and officials. Then there was a selection committee comprised of cabinet members to make all final decisions. They also exercised a full veto power and could, and did, reject local choices. In some cases, the committee did not endorse the local selection and would simply accept more than one candidate in a district. The party congress then “ratified” the selection. Party leaders explained that this was a “rubber stamp” only and there were no challenges by delegates.

Criteria for candidates, according to one Lakas cabinet member, included: qualifications; experience; “winnability,” which allowed several defectors from other parties to secure a position; and adherence to party ideology. He acknowledged that there was an obvious trade-off between party loyalty and winnability, but that party loyalty “took a

backseat” to winnability. The party wanted a “clear majority,” so accepted popular defectors from other parties, he explained.

Party discipline in Lakas, according to its leaders, remained weak even with its position in government. According to one congressman, “Internal party democracy is needed.” The party discussed experimenting with primaries in 1995, but it proved “too difficult,” according to one party official. In the last election, the party proposed that all candidates sign an oath that if they switched parties they must sacrifice their seats. However, the oath’s legality was questioned, so it was quickly dropped. Officials reported that another proposal being considered would require party congresspeople to pay part of their salaries to the party in an attempt to enhance party discipline and accountability, as well as provide needed party funds.

LDP

Senator Angara, leader of the LDP, threw his support behind Poe, despite the fact that Poe was not a member of any party. Lascon, another prominent presidential candidate, lobbied for a convention in LDP, but Angara would not allow it. Therefore, there was no LDP presidential candidate in this election. Several LDP leaders became part of the KNP coalition to support Poe, and therefore conducted no activities of its own.

LDP, like other parties, automatically nominated its incumbents to run again. Other candidates were selected by the party leadership.

NPC

NPC members were given a “free hand” to support the presidential candidate of their choice, as the party leader, Eduardo Cojuangco, was considered “unacceptable” as a presidential candidate. As for the selection of other candidates, NPC leaders explained that incumbents automatically received the nomination, as in other parties. For non-incumbents, the party did have small conventions at the local level to select people. In the end, however, one party official said that they just used the “point system.” He explained that the point system meant the party leader literally pointed his finger at whom he wanted to run. The party chairperson said that money was the determinate factor for selection.

Due to the split in the NPC over endorsing a presidential candidate, party leaders believed that the party would have to “pick up the pieces” after the election. Ideological convictions in the party, according to the party chair, were too weak.

One successful reform reported in NPC was the party’s membership drive. The drive, launched last year, allowed the party to collect dues from congresspeople, and the party planned to extend this effort to the local level. In addition, NPC mayors had already started building party branches to carry out activities in between election years. This

would, party leaders argued, result in a decrease in “arbitrary decisions” by the leadership and foster party loyalty.

Liberal Party

Like the other Philippine parties, LP leaders reported that there had been no significant reforms reported in the party. The party’s National Executive Committee determined all candidates for the 2004 elections. Party officials reported that local branches had a voice in this process and could reject certain candidates only in “unusual circumstances.” According to one youth leader, “traditional politicians still dominate decision-making in the party.”

Funding goes directly to individual candidates and party leaders, and very little money is contributed to the party. The National Executive Council oversees the financial reports of the party, but these reports are not shared with party members, so there is little transparency.

Party List Parties

AKBAYAN has held a party congress every three years to select the party nominees. All delegates to the congress were allowed an equal vote, although several candidates were unchallenged. The party claimed approximately 87,000 members, not all of whom were due-payers. Party leaders reported that the majority of AKBAYAN members came from the labor movement. AKBAYAN also campaigned to overseas voters, particularly through the Seafarers Union, the only union with involvement overseas.

Election Results

The canvassing of the votes finally ended on June 24 with Congress proclaiming Gloria Macapagal Arroyo and Noli de Castro as winners in the presidential and vice-presidential race. Final results showed Arroyo winning 12,905,808 votes, to Poe’s 11,782,232. Lacson, Roco, and Villaneuva followed far behind.

The canvassing process was labeled the “slowest in the world.” This was primarily because of KNP demands that Congress examine the election returns (ERs) that accompany the Certificates of Canvass (COC) due to allegations of cheating. The opposition claimed that manipulation took place during the transfer of votes from the election returns, to the statement of votes, and finally to the COCs. Administration lawmakers said they could not delay the canvassing without concrete signs of tampering with the COCs. The opposition also filed cases to the Supreme Court questioning the creation of the 22-member joint committee to address electoral issues and the constitutionality of the canvassing, given that Congress had technically already adjourned. Both cases were turned down by the Supreme Court.

In addition to complaints about the canvass of the votes, there were other charges of electoral fraud. Just a few days after the election, the KNP complained that there was widespread electoral fraud through the disfranchisement of voters. In addition, the opposition alleged that the administration engaged in vote-buying and “*dagdag-bawas*,” or vote-shaving and padding. Poe and his running mate, Loren Legarda, filed a case with the Supreme Court, serving as the Presidential Electoral Tribunal, challenging the victory of Arroyo and de Castro. Bro. Eddie Villanueva also alleged massive voter disenfranchisement, irregularities in the COCs, and other poll anomalies, casting doubt on the credibility of the electoral process. Raul Roco and Panfilo Lacson, on the other hand, conceded immediate victory to Arroyo.

In the Senate race, K4 senatorial candidate Miriam Santiago issued complaints against a number of senatorial candidates, including those belonging to her own coalition, for alleged violations of the Fair Elections Act, specifically the limit on political advertising. K4 senatorial candidates Rodolfo Biazon and Robert Barbers also feuded over the last senatorial slot, with both sides accusing the other of electoral fraud.

At the time of writing, full resolution of the electoral complaints has not yet occurred. Arroyo, however, has determined her new cabinet, and Kampi and NPC have formally joined the K4 administration, securing a comfortable governing majority.

**INDONESIA PRE ELECTION ASSESSMENT MISSION
PRESIDENTIAL ELECTIONS, FIRST ROUND
JUNE 2004**

NDI-CALD Mission

The National Democratic Institute for International Affairs (NDI) and the Council of Asian Liberals and Democrats (CALD) organized a pre election assessment mission to Indonesia from June 14 to 18, 2004. Mission participants included: Chito Gascon, Under-Secretary of Education in the Philippines and Chair of the Liberal Party's Commission on Public Policy and Advocacy; Syed Azman Syed Ahmad, former MP from Malaysia and an Executive Committee member of the Islamic Party of Malaysia (PAS); Victor Manhit, Chief Campaign Advisor to presidential candidate Ferdinand Poe Jr. of the Philippines and an official in the Laban ng Demokratikong Pilipino (LDP); and Wilson Tien, City Councilman in Taipei and a Central Committee member of the Democratic Progressive Party (DPP). John Coronel, Executive Director of CALD, and Laura Thornton, Senior Program Manager from NDI, organized the mission.

In this program, the team spent one week during the campaign period in Jakarta, meeting with party leaders and campaign advisors. Many Indonesian political parties -- Golkar, Partai Demokrasi Indonesia Perjuangan (Indonesian Democratic Party-Struggle, PDI-P), Partai Kebangkitan Bangsa (National Awakening Party, PKB), Partai Amanat Nasional (National Mandate Party, PAN), Partai Persatuan Pembangunan (United Development Party, PPP), and Partai Keadilan (Justice Party, PK) -- have been active participants in the NDI-CALD regional party reform program. In addition to meeting with party representatives and candidates from the main parties, the team interviewed NGO representatives, election officials, international aid workers, party auditors, anti-corruption officials, journalists, academics, and businesspeople. The program's objectives and methodology are outlined in the introduction to this report.

Presidential Campaign

The July 5, 2004 presidential election was the first direct election for the head of state and government in Indonesia's history. This electoral exercise tested a new voting system and represented an enormous administrative challenge, with approximately 147 million registered voters and numerous contenders.

The Law on the General Election of the President and Vice-President was passed by the People's Representative Council (DPR) on July 8, 2003 and provides a new framework for the implementation of direct presidential elections. The new law includes provisions for a two-round election. Unless a single candidate receives over 50% of the vote and wins in at least 20 provinces in the first round of voting, there will be a second election for the top two performing candidates. At the time of the pre election mission, although a second round appeared likely, there was speculation about who would become the two contenders.

Moreover, parties were undecided about future alliances and the division of their support following the first round.

Although the official campaign period lasts only 30 days, the “unofficial” campaign for the first round began almost immediately following the April 5 legislative elections, when parties qualified to field a presidential candidate. The legislative results placed several parties above the threshold for competing in the presidential election, meeting either 3% of the seats in the DPR or 5% of the total vote. These qualifying parties included: Golkar with 21.58% of the vote; Partai Demokrasi Indonesia Perjuangan, PDI-P (18.53%); Partai Kebangkitan Bangsa, PKB (10.57%); Partai Persatuan Pembangunan, PPP (8.15%); Partai Demokrat, PD (7.45%); Partai Keadilan Sejahtera, PKS (7.34%); and Partai Amanat Nasional, PAN (6.44%).³

None of the Indonesian political parties, with the exception of Golkar, used an open or democratic candidate selection process, as the party leaders were the presumed candidates without contestation. As one PDI-P leader explained, “If anyone even thought about challenging Megawati, he would be crushed.” The main contenders were: Megawati Soekarnoputri for PDI-P; Amien Rais for PAN; Hamzah Haz for PPP; and Susilo Bambang Yudhoyono for PD. Wahid was the presumed candidate for PKB, but was disqualified for health reasons and the party chose to support Golkar’s candidate, General Wiranto. PKS did not endorse a single candidate, and party leaders reported that their members were divided between Rais and Wiranto.

In some parties, the selection of the vice presidential candidate was more open, with several contenders vying for the nomination. PAN, for example, established a selection committee and outlined three main criteria: adherence to party values; no former corruption scandals; and popular support. One PAN MP said that the party rejected Suharto’s daughter because she did not meet the first criterion. The party also conducted its own internal surveys to help inform the selection process. Other parties followed similar procedures, although usually the presidential candidate ultimately decided on her or his running mate.

Golkar was the only party that experimented with a primary-like system to determine the party’s presidential candidate. Golkar’s leader Akbar Tanjung agreed to open up the selection process, allowing several well-known names to compete. Contenders campaigned across the country, and party delegates, approximately 400 in total, were able to vote on their nomination. Although many claim that Tanjung presumed his own victory, and even tampered with the selection process to ensure it, General Wiranto won the Golkar nomination. Golkar officials explained that Tanjung’s corruption case hurt his campaign, and Wiranto had a much more effective machine. Wiranto’s success in the candidate selection process was also due to the amount of money he spent. According to watchdog groups, Wiranto paid party delegates Rp 50 million each, or a total of Rp 1 billion, to secure his nomination.

³ KPU, May 5, 2004.

The presidential race’s top contenders were Yudhoyono, Megawati, and Wiranto. As early as April of 2004, the International Foundation for Electoral Systems (IFES) polls indicated that Yudhoyono had a strong lead over his main opponents, Megawati and Wiranto. In a survey conducted between April 20 and May 8, IFES reported that 41% of respondents preferred Yudhoyono compared to 11.2% for Megawati and 10% for Wiranto. The trailing candidates garnered even less support, with Amien Rais at 4.4% and Hamzah Haz with 3% of respondents.⁴

Indonesian elections 2004	
September - November 2003	Registration process, verification, and affirmation of the participating parties in general election 2004.
January 29, 2004	The General Elections Commission announces legislative candidates.
March 11 – April 1	Campaign period for parliamentary elections.
April 5	<p>Elections for 550-seat House of Representatives, and simultaneous polls for local legislative bodies.</p> <p>Voters will also elect representatives for a new institution called the House of Regional Representatives.</p> <p>More than 147 million people are registered to vote in the poll, but voting is not compulsory in Indonesia.</p> <p>No party is expected to win an outright majority.</p> <p>With more than 595,000 polling stations, the General Elections Commission has described the poll as "the most complex and the biggest single-day event that has been held by a developing country".</p>
April 28	Formal announcement of parliamentary election results. These results will play a major factor in determining the line-up of candidates and coalitions for Indonesia's first direct presidential election.
April 29 – 30	Allocation of parliamentary seats for political parties.
May 1-7	Registration of candidate pairs for the presidential election. Candidates must be nominated by - but not necessarily be members of - a party or coalition that wins at least five per cent of votes in the parliamentary election or three per cent of House of Representatives seats.
May 22	Announcement of presidential candidates.
June 1 - July 1	Formal campaign for presidential election.

⁴ IFES, “Results from Wave XI-XII of Tracking Surveys,” June 1, 2000.

July 5	Presidential election.
July 20	Announcement of result of presidential election. If no pair wins more than 50 percent of national vote plus at least 20 percent of vote in at least half Indonesia's provinces, a second round of voting will be held, involving the two top pairs.
September 14 – 16	Campaign period for second round of presidential election.
September 20	Presidential election - second round.
October 5	Announcement of winning ticket in second round of presidential election.
October 20	Inauguration of president and vice president.

Australia Broadcasting Corp Online: <http://abc.net.au/asiapacific/specials/indon/timeline.htm>

Strategies and Issues

Money, machine, popularity, and policies were all cited as important ingredients for electoral success in the July election. Observers agreed that Wiranto had the advantages of machinery and money. Golkar is recognized for its massive grassroots base, organization, party discipline, and effective supervision of party pollwatchers. Megawati's strengths were incumbency, military support, and, of course, money. Yudhoyono's strength, according to leaders from all parties, was his popularity, and he was repeatedly called "the darling of the media." However, his small party lacks machinery and grassroots outreach, and, as one foreign aid worker said, "Parties actually do mean something in Indonesia." Moreover, the DP's image suffered by reportedly accepting "rejects" from other parties. Although each candidate had her or his own strengths heading into the first round, there was much speculation about which ingredient was the most effective at securing votes.

Several observers, for example, challenged the assumption that the amount of money spent was a determinant of electoral victory in Indonesia. According to the Van Zorge Report, "One of the ironies of the April 5 legislative elections is that the political party that spent the most money during the campaigns was the one who ended up incurring the most disappointing defeat at the ballot box."⁵ By all accounts, the spending of candidates in the legislative elections did not necessarily affect outcomes, which set, according to one NGO leader, an important precedent for Indonesian elections by requiring candidates to focus on other components of their campaigns. Even a senior PDI-P official acknowledged that the party was spending a fortune on the Megawati campaign and it was not working. "People are smarter now," he said, "and will not just take our money."

Many campaign watchers, including from within the parties, also stated that machinery was less important, particularly given the national-level nature of a presidential election and the need to rely on media to spread one's message. As one observer noted, "It is just too difficult to mobilize across this many islands." Precise platforms have also played less of a role, although all the parties created "success teams" to respond to the issues and tackle various policy concerns. Megawati's success team pushed the issue of educational reform and employment policy, common themes in other candidates' platforms as well. Although public debates were organized by several organizations in an attempt to draw attention to policy, Megawati and Wiranto turned down several debate invitations. In one instance, Amien Rais was the only candidate to attend a debate at the University of Indonesia in Depok.

Candidates' past performance was an issue in the campaign. Yudhoyono, for example, came under criticism for serving as chief of staff of the Jakarta Military Command when violence erupted in July 1996. Yudhoyono was accused of allowing state troops to ransack PDI-P headquarters. As many as 23 people were killed in the ensuing violence

⁵ Van Zorge Report, May 24, 2004.

and rioters took to the street.⁶ During the campaign, Yudhoyono resisted attempts by authorities to reopen an investigation into the incidents, inciting speculation about his culpability.

Wiranto struggled with criticism over his role in East Timor and his indictment by UN prosecutors for crimes against humanity. Haz was repeatedly questioned about comments he made post-September 11 implying, according to some foreign diplomats, U.S. responsibility for the attacks. Megawati, on the other hand, was called to answer for her lackluster performance on issues ranging from security, corruption, and economic growth. In particular, the President was criticized throughout the campaign for her weak communication skills and seemingly indifferent nature.

Involvement in corruption scandals was also an important issue leading up to the first round of the presidential election. According to Emmy Hafild, Secretary General of Transparency International, “We can see that the five presidential candidates have histories of involvement in corruption, especially those who served in past governments.”⁷ Corruption was cited frequently as one of the reasons Golkar leader Tanjung was unable to win his party’s nomination.

Party loyalty continued to serve as an advantage for certain parties, such as Golkar, but many parties witnessed a shift in their traditional supporters. As one senior party official explained, the number of “core voters” had decreased for everyone. He added that there were only a few leaders who still managed to secure loyalty, such as Gus Dur. Party officials also reported signs of discontent within some of the parties and said that factionalism could affect the presidential outcome. One PDI-P leader, for example, described the split in his party between those who support Megawati’s husband, Taufiq Kiemas, and those who do not. He added, however, that the pro-Taufiq faction had all the resources and therefore did not face a meaningful challenge.

Most observers agreed that popularity, and not the party, was the most important ingredient for electoral victory. As one PAN MP said, “Elections are almost entirely about popularity.” Image-making, therefore, became a critical campaign strategy. This was confirmed by the amount of money spent on media over mobilization. NGO representatives explained that the presidential election was creating a more “media based” campaign culture. One watchdog leader said that it was simply much easier for candidates to place ads than to conduct grassroots efforts, and, according to polls, a majority of the Indonesian public reported that it received political information through television.

Electoral and Political Finance

Legislation

⁶ “Activists Urge Arrest of SBY & Sutiyoso,” July 27, 2004, Laksamana.net

⁷ “Presidential Candidates All Tainted by Corruption,” *Antara*, June 1, 2004.

New legislation was passed in 2002 and 2003 establishing the direct election of the president, changing the Indonesian election system, and amending many critical regulations governing political parties and campaigns.

The Law on the Election of President and Vice President of 2003 established detailed provisions for the direct election of the president and vice president through a majority-plurality system. As described above, any ticket that receives over 50% of the total vote and at least 20% in at least half the provinces after the first round of elections is declared elected. However, if no ticket meets these criteria, the two highest polling tickets compete in a second round election. The law sets a donation limit of Rp 100 million per individual and Rp 750 million for legal entities. However, no overall limits on donations or spending were established. All candidates must disclose the source of any donation over Rp 5 million to the KPU. Candidates' financial reports are audited, and this audit is made available to the public.

The Law on Political Parties sets a year-round contribution limit to parties of Rp 200 million per individual and Rp 800 million for a legal entity, with no overall limit on total donations. Parties cannot own businesses or receive contributions from any foreign entity, state owned enterprises, cooperatives, foundations, NGOs, community organizations, or humanitarian organizations. Parties can receive financial support from the state based on their electoral support in the previous election. The law also has an anti-defection provision that requires elected officials to surrender their seat if they leave their party. Oversight of political parties is divided by three institutions: the Ministry of Justice for administrative and non-financial matters; the KPU for financial issues; and the Ministry of Home Affairs for investigation of violations.

The Decree of the National Election Commission No. 30 of 2004 provides guidelines for financial audits of political parties and the campaign fund reports of election contestants. Parties must prepare an annual financial report for a public accountant's office, approved by Department of Finance, within three months from the close of the fiscal year. Parties are then required to submit the audited report to the KPU within seven days after completion. Parties also must prepare a report on their campaign fund. Candidates for president and vice president are required to submit a report of their campaign donations and spending to the KPU within three days following polling, and the KPU gives the reports to an approved public accountant's office within two days after receiving the reports. The public accountant's office has fifteen days to complete the audit, and the KPU discloses these reports within three days.

In general, observers state that the regulations represent improvements in some areas from the 1999 legislation. However, many experts point out that the new legislation remains insufficient. Candidates, for example, do not have to disclose donations under Rp 5 million, allowing for the "bundling" of multiple donations. In addition, there is no limit on the total amount of money a party or candidate can raise or spend. Vote buying provisions are vague, and the burden of proof lies with the election enforcement bodies, requiring

them to provide evidence that a gift was in direct exchange for a vote. The new legislation, according to one think tank, also lifted the prohibition on civil servants from campaigning, creating potential conflict of interest scenarios. The punishments are also not sufficient. One KPU accountant explained that previously disqualification was a possible punishment for violating finance regulations, but “now the KPU can only demand fines for false information.”

Practices

Although all party leaders expressed their commitment to the new legislation and desire to have a smooth and “corruption-free” election, observers, NGO leaders, and party officials all acknowledged that all the parties were violating campaign finance regulations, including the limits and disclosure requirements. As one party leader said, “There are no rules here – everyone does what they want.” One week into the official campaign, the Election Supervisory Committee declared the Megawati-Muzadi ticket as the top violator of campaign regulations, with 14 reported violations, including the illegal usage of state property. The Wiranto-Wahid and Yudhoyono-Kalla ticket were reported tied for “second largest violator.”⁸

Party officials explained that one common method used to circumvent the donation limit was to have donors pay directly for campaign costs, such as party pollwatchers, or make in-kind donations. Although there are regulations on in-kind donations, they only apply if the gift goes through the candidate. Donors, therefore, simply purchased and distributed t-shirts and other paraphernalia, without going through the party or candidate. Campaign workers also explained how candidates could “adjust” receipts and bills of sale. One MP said that in the general elections, he purchased 20 motorcycles over the legal limit, so he had the party chapter members claim they bought them on their own.

Parties and campaigns were also effective at avoiding disclosure. As one NGO leader said, “There is a massive accountability crisis.” Even with the registered, legal donations, many contributors remained undeclared. One NGO representative said that some campaign reports did not reveal the names of donors over Rp 5 million but since there had been no punishment, parties and candidates continued to neglect this requirement. Several campaigns simply failed to meet deadlines for reporting as a tactic to avoid disclosure. KPU deputy chairman Ramlan Surbakti said every presidential candidate missed the May 31 deadline for submitting their full financial reports, required by Law No. 23/2003.⁹ No penalties were reported.

Campaign reports also declared false donors. Transparency International and Indonesia Corruption Watch, for example, traced the addresses of donors to the Megawati campaign, reported in official finance reports, and found dark alleys or telephone booths.

⁸ Taufiqurrahman, M. and PC Naommy, “Megawati-Hasyim Notch Up Most Campaign Violations,” *The Jakarta Post*, June 10, 2004.

⁹ Taufiqurrahman, M, “Candidates Choose Not to Reveal Their Donors,” *The Jakarta Post*, June 2, 2004

Another loophole in the legislation is that it provides no mechanism to track unofficial channels of money. Party leaders reported that often donations went directly to the candidate, bypassing the party or even the campaign office. Candidates established “phantom bank accounts,” unassociated with the campaign or the party. Wiranto, for example, set up coffee shops to serve as contribution sites for the campaign. Money was given to the coffee shop, and the coffee shop purchased posters and television time directly. These practices fall outside the scope of current legislation.

There are no accurate figures on the amount of money raised by candidates. On average, the spending reported by campaigns was twice as large as the donations reported, illustrating the obvious lack of accuracy in reporting. Monitoring spending, observers explained, was easier than tracking income. According to Indonesia Corruption Watch, Wiranto, Megawati, and Yudhoyono spent more on ads in the beginning of the campaign period than the amounts they reported in their opening accounts to the KPU. The Wiranto ticket, for example, reportedly spent Rp 30 billion only 10 days into the campaign, while his initial balance reported to the KPU was only Rp 3.75 billion.¹⁰

Funding Sources

For the reasons described above, it was impossible to verify the funding sources for the presidential campaign. Most campaign money went directly to the candidates and was not funneled through the parties. As one MP said, “It is really not the party’s business.” As a result, even senior party officials explained that they did not have any access to the presidential campaign finance records and could not accurately identify the main campaign donors.

Watchdog groups reported that the bulk of campaign funding was provided by businesses. Often legislators were also required to give money to parties in an “auction system,” and this money was used to help pay for the presidential campaign. NGO leaders asserted that Wiranto and Megawati had the strongest connections to “black money” and illegal activities, although Yudhoyono was also cited as having close relations with the mafia and illegal businesses.

PDI-P officials confirmed that most of the party’s campaign donations came from businesses. However, according to outside sources, the President also used state resources in her campaign, an allegation backed by a senior PDI-P leader. Golkar leaders also reported that the bulk of their funding came from businesspeople. However, independent watchdog groups alleged that much of Wiranto’s money came from the 1999 East Timor Referendum and the production of counterfeit money to buy votes during the referendum. This money, observers stated, reappeared during the presidential campaign, and the Central Bank noted increased circulation and tried to recall 50,000 and 100,000

¹⁰ “The Image Game,” *Tempo*, June 15-21, 2004.

notes. Watchdogs also stated that conglomerates and “tycoons” donated to the Wiranto campaign, many by lending money to pay for campaign activities in return for favors from Golkar. Golkar officials admitted that there was often pressure from their donors, or “clients,” to meet certain demands. However, one official explained that it was difficult for the party to award favors anymore with “so many parties and eyes in the DPR.”

Smaller parties, such as PAN, complained that money was difficult to raise for the elections this year. PAN leaders said that the bulk of the campaign money came from two local businesspersons. PKB also claimed that donors were scarce and that the party was unable to contribute to the campaign at all. Disclosure was also reportedly more difficult for the smaller parties, as their donors demanded anonymity, fearing “political backlash” if their names were revealed.

Campaign Spending

The estimated cost of getting elected in Indonesia was also difficult to verify given the lack of disclosure. One Golkar official said that in the 2004 general elections, between Rp 1 billion to Rp 4 billion was necessary per candidate. He suggested that the presidential candidates would have to spend over Rp 3 trillion. An official auditor for the KPU placed the amount at Rp 6 trillion per presidential campaign. Independent observers reported that the Megawati and Wiranto campaigns were easily spending the most money. According to Indonesia Corruption Watch reports, after the first week of the campaign, Megawati had already spent Rp 4.5 billion and Wiranto spent Rp 3.7 billion.

There were many expenses associated with the campaign, and the costs, according to party leaders, were high. Party leaders and observers reported that the biggest expense was media. Particularly in the presidential election, a national event, a media campaign was more efficient and effective than traditional voter mobilization. One foreign aid worker estimated that the public received 80% of its campaign information from the television. A NGO leader projected that candidates would have to spend \$10 million USD on media alone. One billboard, according to one academic, could cost as much as Rp 20 million.

Some party leaders said that polling represented the next largest expense, while others cited transport. Wiranto’s private jet, for example, reportedly cost \$3,500 USD per hour, not including landing fees, personnel, and airport costs. In one week, costs were approximately \$50,000 USD.¹¹ Outside watchdogs reported that PAN spent \$2,000 USD per hour for an entire month to charter a jet to transport Amien Rais around the country during the legislative campaign. Other campaigns have also relied on private transport, increasing campaign costs significantly.

Other propaganda, such as flyers, billboards, and posters, represented a significant expense. One t-shirt, for example, cost Rp 6,000, and after a week of the campaign Wiranto had already purchased five million t-shirts, according to a Golkar leader. PAN

¹¹ “Shady Campaign Funds,” *Tempo*, June 15-21, 2004.

officials said that campaign rallies, a minimum of three per district, were also expensive. PAN leaders acknowledged, however, that there was a significant drop in public interest in attending rallies. Therefore, PAN also spent significant resources on door-to-door outreach and village forums.

Vote buying is still a necessary aspect of elections in Indonesia, although party officials said that oversight had become more effective, leading to a decrease in the practice. As in other Asian countries, watchdog groups explained that vote buying took place more frequently on a “wholesale” basis, instead of person-to-person. Campaigns would purchase a village leader or an election official, rather than go door to door. However, it was widely reported that candidates paid participants from Rp 10,000 to Rp 125,000, depending on the mode of transportation,¹² to attend campaign rallies. Candidates also provided gifts such as rice, instant noodles, and other food at campaign events.¹³

Campaign monitors agreed that the Wiranto/Golkar campaign committed the greatest number of vote buying violations. Several observers also claimed that KPU officials at the district level were mostly selected by Golkar district heads, casting doubt on KPU objectivity and creating opportunities for wholesale vote buying by Golkar candidates. Other candidates participated in vote buying as well, and Megawati’s campaign team was discovered handing out gifts to poor communities. Specifically, money was donated to mosques and Islamic institutes. Reports stated that Megawati, for example, gave more than \$50,000 to 60 mosques in north Jakarta.¹⁴

Enforcement and Oversight

During the mission, many academics and foreign and local NGO representatives said that it was “too early” to measure the effectiveness of the enforcement of the new legislation. There were doubts, however, from the beginning. As one MP said, “The new legislation is good in spirit but the operating environment does not support it.” There was little faith in the KPU to implement new components of the legislation, and preparation for enforcement was questionable. One academic explained, for example, that there was not even a unit at the KPU to deal specifically with parties and ensure their compliance.

People did not report concern about the objectivity of the KPU as much as the body’s lack of will to take action. In general, party officials described the KPU as “neutral” but “inactive.” As one academic said, “KPU officials do not want to be seen as too intrusive because they have their eyes on cabinet posts.” In practice, the KPU has given few punishments for campaign violations, despite the volumes of evidence of flagrant violations committed by candidates. For example, watchdogs easily identified fake addresses and

¹² Van Zorge Report, May 24, 2004.

¹³ Casey, Michael, “Bribes or Character,” *Associated Press*, June 29, 2004.

¹⁴ *Ibid.*

names in the accounting reports of both the Megawati and Wiranto campaigns, but there have been no penalties.

The only cited exception was the KPU in Bali. The Megawati campaign violated the campaign law in Bali by allowing district chiefs to participate in the campaign. The KPU responded by prohibiting her from campaigning in Bali for the rest of the campaign period.

Reasons cited for KPU inaction included: lack of clear regulations; too many loopholes; no definition of donations; no clear definition of campaign activities; no detailed explanation of or mechanism for tracking services and in-kind donations; and no standardized reports. Most importantly, according to one academic, “Voters do not care about campaign finance so there is no pressure.” A foreign diplomat explained that the problem was simply too endemic that the KPU “does not have the ability to crack down on corruption even if they tried.”

Auditors hired by the KPU also explained the difficulty of enforcing the finance regulations on parties and candidates. As one auditor said, “The situation makes it impossible to do a proper audit.” There were no complete records, and “not one party has consolidated reports from all levels of the party.” Often costs were grossly underestimated and false receipts submitted. Moreover, most donations did not disclose the sources, but rather stated “*Hamba Allah*,” or servant of God, as the donor. KPU leaders acknowledged that many Indonesians find it “inappropriate” to advertise their names as donors. According to one expression, “If the left hand gives, the right hand must not know about it.” Many donations were just recorded as a “loan,” with no further explanation. In addition, one auditor explained, the KPU did not give the auditors the right to investigate thoroughly.

As a result, auditors have just produced details of the party’s records with “no conclusions.” One auditor said that when she conducted an audit of a party, she simply checked to make sure that no single donation was over the set limit and that there were no foreign donations, although she knew both provisions were easy to violate. Apparently, the “big five” accounting firms were recently asked to audit the main parties, and, recognizing the futility, they refused. The KPU reported having “a difficult time” finding neutral, external accountants who were “not afraid” to conduct the audits in 2004.

In many cases, the staff accountants of the party simply do not have the training or experience to carry out their duties. One auditor explained that there were no internal financial management systems in the parties. In particular, the branch offices never reported their activities to headquarters and there were no mechanisms to monitor donations and spending at the local level. An accounting association was hired by the KPU to hold “clinics” for party accountants, but no one attended.

Another potential oversight body is Indonesia’s recently established Anti-Corruption Commission (KPK). The KPK is responsible for investigating corruption by any state official, including officials in the legislative branch, executive, judiciary, military, and SOEs.

The KPK's five chairpersons were selected by an executive-appointed selection team to serve two five year terms. KPK penalties can include suspension or removal from office. With respect to electoral fraud, although the KPK can prosecute officials for receiving bribes, it claims it cannot monitor KPU activities. The KPK chief acknowledged that this was a "grey area."

A key task of the KPK, however, is to monitor the declarations of assets and liabilities for candidates. Early in the campaign, the body reported problems in carrying out this task. According to the KPK chief, "A clear and proper audit takes time." Moreover, in the legislation, candidates are not required to update their financial reports if they are still holding public office. As a result, politicians, such as Megawati, submitted the same exact records as were submitted when they first took office. The KPK chief did explain that the KPK had the authority to pro actively investigate candidates and their families, and subpoena any person, bank, or documents. He said that the KPK also had the authority to prosecute politicians for "unusual wealth accumulation." He added that there was no whistle blower act.

Recent reports by the KPK on the wealth of candidates revealed that seven of the 10 candidates were millionaires, and the combined wealth of all 10 contenders was \$39.27 million USD. Megawati topped the charts for presidential contenders with \$6.35 million USD in assets, and Wiranto declared \$4.9 million USD. Amien Rais was on the low end of the scale reporting \$105,000 USD. Kalla, Yudhoyono's vice presidential candidate, declared \$13 million USD in assets.¹⁵

Vote manipulation was another commonly reported enforcement concern, and watchdog groups accused the KPU of being unprepared. In fact, NGOs explained that there were still cases being resolved from the general elections. Monitoring was greatly needed, NGO leaders argued, particularly at the prefect (district) level. First, district election officials were allegedly more easily intimidated or, in the words of one politician, "influenced by market forces." Second, politicians and NGO leaders pointed out that manipulation of the count could take place more easily at the prefect level, as pollwatchers were not allowed to observe prefect counting (a statement denied by the KPU). However, other NGO leaders said that it would be too difficult to throw the election through local level bribes. The quick count systems in place and public surveys would make it difficult to purchase significant results, they argued. Many groups credited the PVT process as a deterrent for corruption.

Watchdogs and media groups have served a valuable enforcement role by drawing attention to the violations committed by candidates. For the legislative elections, several groups launched a "blacklist campaign" to encourage voters not to support certain candidates based on a variety of criteria, including the candidate's participation in corruption, human rights violations, and environmental damage. NGOs reported that this campaign was based, in part, on lessons learned at NDI-CALD's Bangkok II conference

¹⁵ Laksamana.net, June 3, 2004.

from South Korean NGOs that launched similar campaigns in the past. The media has served as another important watchdog, tracking spending and donations. However, as one foreign aid worker explained, many papers suffered from “envelope journalism,” with key reporters accepting bribes. Several media sources are also owned by powerful political families, such as the Suharto family.

Given the difficulty of enforcement and available loopholes, the main recommendation of watchdogs and accountants alike was: “We must find parties with integrity and competency.” Other recommendations included stricter punishments in the regulations and a stronger KPU with investigative authority and with commissioners who were not afraid to use it.

Internal Party Reform¹⁶

Outside observers and NGOs reported that there had been few changes with respect to internal party reform in Indonesia. In general, the parties remain “leadership driven” and lack transparency in decision-making. Although having a “clean image” was becoming more important to the Indonesian public, few voters, made the link, in the words of one academic, “between corruption, campaign finance reform, and internal democracy.”

PAN and PKS were cited as the parties that have made the most effort to reform, and several outside observers credited PKS with the most internal democracy. In addition, the financial reports from PKS and PAN, according to several NGO leaders and auditors, were “cleaner.” PKS, according to monitors, hired 100 auditors to ensure compliance with regulations as part of the party’s anti-corruption platform. PKS has also become a force in the legislature, reportedly pushing reform legislation. However, watchdogs were quick to point out that even these two parties “charged” candidates for nomination during the general election.

Factionalism was cited as an increasing trend for Indonesian parties. Several key parties have been crippled by internal divisions, particularly with respect to defining their Islamic agenda. According to one foreign observer, there was tension between “modern Islam,” “secular-nationalism,” and “fundamental Islam” in several parties. Even the main Islamic organizations, Nahdatul Ulama (NU) and Muhammadiyah, were divided in terms of the direction of their political support, with some members leaning toward more “secular” parties, and others supporting “stricter” Islamists.

Golkar

Golkar earned 128 seats in the 550 DPR in the April elections. Although the party gained a slightly greater percentage of the vote in 1999, 22.46% in 1999 compared to 21.58% in 2004, the party outperformed all the competition. This victory left Golkar well-

¹⁶ Partai Demokrat (PD) declined requests for a meeting with the NDI-CALD team.

placed for the presidential election. During the pre election mission, many were confident Golkar would participate in the second round of elections.

When party leaders and MPs were asked what internal reforms Golkar has implemented, the only answer given was: “none.” Several Golkar officials provided the rationalization that they did not have the power to reform because they did not control the government. Party leaders acknowledged, however, that it was time to take action, as members were increasingly frustrated by corruption scandals and voters were expressing dissatisfaction with party practices, such as the “purchasing” of seats. Party leaders reported their commitment to change Golkar’s “corrupt image.” According to one leader, “We must prove it if we win.”

Financially, Golkar leaders claimed that the party was not as well-endowed as when it was in power, but sources reported that the party was still outspending the others on campaign activities, particularly on entertainment costs. Observers outside and inside the party also explained that the party had many accounts established in foreign countries to receive donations, so the official wealth of the party was unknown.

The candidate selection process in Golkar is still controlled by money, and financially contributing to the party is still the only guarantee of party nomination. For example, all candidates in the April general elections had to donate Rp 100 million to the party for the top positions. One leader explained that the donation was given after the nomination, but acknowledged that it was “understood ahead of time.”

Although the candidate selection process for the legislative elections was closed and largely determined by financial contribution, Golkar was the first party in Indonesia to experiment with a primary-like process, allowing people to compete for the party’s presidential nomination. Golkar also set “criteria for cleanliness” for all nominees. All 416 branches were allowed to nominate candidates to 30 provincial meetings, in which seven candidates were selected. Another election was supposed to take place at the national level in October 2003 to narrow the playing field, but the party allowed all seven candidates to contest in the final vote in April 2004 at a national party convention.¹⁷

Golkar’s effort to open its presidential candidate selection process was viewed with some criticism from inside and outside the party. Several party leaders complained that the open candidate selection process actually increased the cost of elections. Wiranto, one leader claimed, had to spend a tremendous amount of money to gain the nomination, and vote buying was widespread. Moreover, the voting was weighted, with the votes of central members counting, allegedly, 18 times those of grassroots members.

The “democratic rationale” given by the party leadership was also viewed with skepticism. Akbar Tanjung’s appeal against corruption charges, sources claimed, forced

¹⁷ International Crisis Group, “Indonesia Background: A Guide to the 2004 Elections,” *ICG Asia Report No. 71*, 18 December 2003.

him to open the selection process to other contenders to preserve party unity and to foster a better public image. It also gave him more time to await his verdict in the corruption appeal. As one academic explained, “It was simply about Akbar’s protection.” However, for whatever reason the process was implemented, observers acknowledged that it could set an important precedent and pave the way for other parties to follow.

PDI-P

PDI-P suffered a defeat in the April legislative elections dropping from 33.76% of the vote in 1999 to only 18.53% of the vote in 2004. The party currently has 109 seats in the DPR. Following the party’s poor showing, and recognizing the challenges ahead, PDI-P leaders committed to a comprehensive review of their strategy and tactics prior to the presidential elections.

Divisions in the party are evident, with many party officials dissatisfied with the “autocratic” leadership of Megawati and her husband, Taufiq Kiemas. Some members accused the president of “squashing dissent.” For example, several party officials authorized a survey within the party and discovered that Megawati’s support was dropping significantly. When those who conducted the poll reported their findings, they were sacked. Senior member Kwik Kian Gie also came to blows with the president for describing the challenges her ticket faces. Other leaders, however, downplayed the significance of the dissatisfaction saying that the “discontent” members of the party were well outnumbered.

Decision-making in the party remains top-down, and this was another source of increased internal conflict, according to a few party leaders. Megawati has made unilateral decisions, in many cases overturning regional and local agendas. Party officials also reported that the leadership often thwarted democracy in the party. At the 2002 general assembly meeting, for example, two delegates, instead of one, from 58 districts attended, due to manipulation in the delegate selection process. Some officials accused the leadership of handing out delegate papers to their choices to counter-balance those chosen locally. One leader explained that “fights broke out” as a result.

To select parliamentary candidates, party leaders explained that representatives from the municipal level first voted on candidates in each province. The executive council, the members of which were determined by Megawati, then made the final decision on candidates, rejecting several nominees selected at the provincial level. Criteria included: education level; party dedication; participation in party; and community acceptance.

Senior officials explained that the candidate selection process in the party, like other Indonesian parties, was still influenced by money. One party official and Megawati campaign advisor said that all candidates had to donate Rp 50 million to the party for the legislative elections. Another party official said that the majority of the PDI-P party list consisted of rich business people, and not experienced politicians, because they donated

money to Megawati or gave business to her husband. However, he added that the quality of MPs was still better than in previous years.

Officials reported that leadership selection was more decentralized, and district offices were allowed to determine their own officials. However, at the provincial level, the party leadership continued to exert influence on the selection of party officials.

Financial management of the party remains in the control of the party leadership. According to one party official, “PDI-P members have no idea what is in the accounts of the party.” He added, “Financial accounting does not exist.” There are also large discrepancies between reported donations and spending. Technically, the party treasurer is responsible for managing the money and is overseen by a board of 70 party leaders. In practice, however, the treasurer has little money to manage, as most funds do not go through the party but are given directly to party leaders and candidates. In particular, officials explained that Taufiq Kiemas dominated financial matters in the party and made “arrangements” with businesspeople. Even a close Megawati advisor agreed, adding, “He just won’t say no – he wants to help everyone.”

With respect to general reform efforts, PDI-P leaders explained that the party had new leaders with more knowledge and was shedding its Sukarno-focused, nationalist image. One party leader described how party reformers have trained younger cadres and gained credibility in the party. These reformers have proposed enhancing the party’s financial transparency by establishing a working committee to change accounting and reporting procedures. Party leaders acknowledged that they have been punished by the KPU for failure to comply with new regulations, and recognized that this hurt the party’s image.

One senior official predicted that more reforms would be implemented after the next party congress in April 2005, when the current secretary-general “loses his seat.” This official anticipated a significant shift in power, with Megawati stepping down and members exerting more influence in party decision-making. Other PDI-P leaders, however, said it would take more time, as “traditions in the party are hard to break.” In addition, ousting Megawati would, according to some, acerbate party divisions rather than alleviate them.

PAN

PAN experienced a drop in support in the April elections from 7.12% of the popular vote in 1999 to 6.44%, although the party earned 52 seats in the DPR, an increase from 1999. The party complained that it lost some key votes since the Muhammadiyah, one of the largest Muslim associations in Indonesia, withdrew its unconditional support. Party officials explained that there was an “identity crisis” in PAN, with party member divided on how closely the party should align itself with a strictly Islamic agenda. Party leaders said that PAN was trying to find the balance of being a “pluralist party with an Islamic background.” The party’s struggle defining its identity resulted in several supporters

switching to PKS. PAN leaders also asserted that the party was punished as part of the “anti-establishment” vote.

PAN has also struggled with corruption scandals. In West Sumatra, 43 of the 55 members of the local legislative council were jailed for “collective graft,” the majority of whom were PAN members. As a result, PAN fired all its representatives in West Sumatra and vowed to reform. “Free from corruption,” according to party leaders, was a key PAN platform. Amien Rais developed a code of conduct for everyone elected in the party and declared that anyone who committed corruption would be expelled. PAN leaders acknowledged that the anti-corruption bar was set high, with PKS taking radical steps, such as returning their Rp 1 million government subsidy for parliamentarians.

Officials reported that most contributions to the party at the national level came from “big businesses.” Party MPs are also required to donate 20% of their salary to the party, and party officials must give Rp 1 million per month. The party has had to rely on its candidates to raise campaign money. For example, one party MP said he had to organize his own fundraising team and received no support from the party. Candidates also had to pitch in to pay for the party pollwatchers, contributing up to Rp 30,000 for each monitor. For the presidential campaign, Rais and his campaign staff raised their own money, and the party did not play a financial role.

Fundraising in PAN is decentralized, and the party holds “fundraising nights” at the local level. PAN officials explained that local offices were supposed to provide audited records to party headquarters, although they acknowledged that finances were difficult to track. PAN leaders asserted that it was a party policy to reject illegal money. According to one PAN MP, two years ago a well-known gambler approached the party, and was turned down. The reason the party rejected this donation, according to this MP, was because “it would get leaked.” Party officials also acknowledged that there was an implicit *quid pro quo* with most donations. For example, in Central Java the Japanese built a power plant, and Megawati demanded that Japan open its market to Indonesian goods in return. A PAN MP was able to get the demand dropped, and as a “thank you,” the Japanese company made a donation to PAN.

Party officials said that changes in the candidate selection process represented the biggest reform in PAN. According to party leaders, there was an “open ranking process” for candidates in the legislative elections, although there was still no national convention or nationwide primary process. Candidate selection for the general elections involved a scoring system based on, in order of priority: age; education; ability to contribute financially to the party; participation in party activities; and no incumbency. Money continued to play a role in candidate selection, and all candidates were required to contribute at least Rp 8 million to the party. However, there were limits to purchasing candidacy, according to one MP. In the last general election, four “giants” threatened to withdraw their money if not placed on the Jakarta list. Amien Rais rejected their demands.

The national board of the party determined the selection committee that made the final decision on all candidates. Members of the selection committee were prohibited from running themselves. There was a plenary session for confirmation, in which all MPs could attend but not challenge the selections. In local elections, the provincial boards of the party have full decision-making authority, without interference from PAN headquarters. For the president, as mentioned above, there was no contest.

The next general assembly meeting will be in February 2005, and all party officials will be elected. Approximately 1,500 delegates will attend the assembly, and there will be participation from all the way down to the municipal level. However, according to one PAN MP, in the past, the assembly served simply to “rubber stamp” decisions already made by the leadership. In this assembly meeting, party leaders said that Amien Rais might resign from the party, following his presidential defeat, opening up new leadership positions.

PKB

PKB lost votes in the last election, gaining 10.57% of the popular vote, down from 12.62% in 1999, although it remains one of the largest parties in the DPR with 52 seats. Party officials complained that the party was “punished” by the new election system, as it earned almost 4% more of the popular vote than PD but received five fewer seats than PD. In addition, NU’s support for PKB was no longer as dependable, with many NU leaders dissatisfied with Wahid’s decision-making in the party.

The KPU’s decision to reject Wahid’s nomination for health reasons was a “tremendous blow” to the party. Party leaders argued, “It should be the people who decide if he is fit.” The party brought the case to the Constitutional Court and Supreme Court but lost. The party decided not to pick a substitute because, according to senior party officials, “we did not want to acknowledge the KPU decision.”

Following Wahid’s disqualification, the party eventually threw its support behind Golkar. An election evaluation team of party executives first considered the option of supporting Golkar and then convened a plenary meeting of the parties to approve the alliance. According to PKB officials, Golkar accepted PKB’s demands on education, regional autonomy, and reconciliation. Both parties also agreed on a party sharing arrangement of two-thirds Golkar and one-third PKB in any future government.

Despite the coalition with Golkar for the presidential elections, party leaders emphasized that the PKB-Golkar alliance was not permanent. PKB’s partnership with Golkar cost some key support. PKB leaders acknowledged that they lost part of their main support base, the NU vote, because many NU leaders did not support Wiranto. On May 26, NU declared its support for PKB, but many leaders shifted following the party’s endorsement of Golkar.

Party leaders recognized that PKB had not undergone any serious internal reforms. The candidate selection process remained unchanged, although PKB leaders claimed that the party never asked money from candidates prior to their nomination. The scoring system for candidate selection in PKB included the following criteria: experience in party; education level; public position; and achievements and awards. Non-party members could only get nominated if they received a very high score in the other categories. Wahid was the final decision-maker on all candidates, although there was a small selection committee. For the presidential election, as mentioned above, there was no challenge to Wahid.

Leadership selection procedures also have not changed. The next general assembly meeting will take place in 2005, and four members from each branch office will attend, for a total of approximately 1500 delegates. The two chairpersons of the party, one legislative and one executive, are determined by a committee, not by a vote of delegates. The chairpersons will, in turn, select their central board. Party leaders asserted that for other leadership posts there would be a competitive process, with districts and regions that were successful in the general elections having weighted votes at the general assembly meeting.

Financially, PKB leaders reported that the party lost money after the legislative elections and was unable to help in the presidential campaign. In particular, grassroots support for the party was very low. In the past, according to one official, farmers would give small donations or gifts in-kind to the party, but not today. Most candidates in the legislative elections also had to use their own money, and did not receive donations from businesses.

Party leaders acknowledged that there was no transparency in the party's financial records, and members were unable to access any reports. The party received Rp 30 billion from the government based on the 1999 results, and even senior party members said they did not know "where the money went." The alliance with Golkar has contributed to friction surrounding funding. PKB and Golkar were not sharing financial information, and party members were reportedly confused and unhappy. Many PKB members, particularly from branch offices, have demanded to know from where campaign money is coming.

PPP

Following the party's loss in the last election, there is some reported friction in the party. PPP's popular vote dropped to 8.15% in 2004 from 10.72% in 1999, although the party is the third largest in the DPR with 58 seats. PPP has also experienced several defections, even from central board members. PPP officials explained that the party lost support when NU backed PKB, despite PPP Leader Hamzah Haz's NU membership.

Party officials reported that candidate selection for the general elections involved money, and all candidates had to pay for their nomination. PPP leaders asserted,

however, that the number one criterion was the “popularity” of the candidate and his or her record. Incumbency, moreover, did not guarantee nomination. There were many first time candidates in 2004, because of the low public approval of several incumbents. The central committee of 11 members determined the final party list, following nominations by the provincial committees. Hamzah Haz was unchallenged as the party’s presidential candidate, and he selected his own running mate. The party is considering reforming the candidate selection process and using member votes to determine candidates, although no specific plans were offered by party leaders.

There have been no reforms to financial management procedures within the party, according to PPP leaders. Party officials claimed that the abuse of finances was not a serious concern, as the party experienced a significant drop in financial support. Business contributions have dried up, and most donations are in-kind. The party has become dependent on the monthly contribution from MPs, who donate 10% of their salary to the party. According to officials, the party was also unable to afford even basic banners and propaganda for the campaign. The party relied heavily on volunteers in the legislative election, and most candidates had to fund their own campaigns.

Disclosure and transparency continue to be a problem for the party. According to the KPU, in 1999, PPP submitted a financial statement with the names of over 130 false donors. In defense, PPP leaders said that it was difficult to comply with disclosure laws because most donors want anonymity. According to one official, donors believe “it is a private matter between them and God.” Transparency is admittedly a challenge in the party, and one official explained that there were actually two budgets: “the secret one and the legitimate one.” There were always questions, he added, about “what comes in versus what goes out.”

According to party leaders, PPP’s strategy was to “look toward the future.” Party leaders reported that they were concerned by the influence of Islamic ideology and finding a balance. One leader explained that, in the end, it must ally itself with Islamic leaders, as the Islamic machine is an important way in which to compete with “secular” Golkar and “nationalist” PDI-P. The party said it planned to lobby NU and find new constituents by showcasing its leader’s non-Javanese roots.

PKS

PKS earned a remarkable 45 seats in the April general elections, and 8.18% of the popular vote, campaigning on a reform platform. The party has launched political education programs, training party members in rural areas, with great success. There are now 370,000 members in the party, according to leaders. The party is applauded for its outreach efforts, organizing forums (or “gathering programs”) for communities to discuss local problems and involving members as mediators and facilitators.

PKS officials claimed that the internal selection process for its DPR candidates took place entirely at the district level, and party headquarters had no veto right. Candidates were ranked based on these internal elections. The criteria for candidates included: length of membership; capability and education; and popularity in the community. Incumbency, however, was not an advantage for prospective candidates, and only three of seven MPs from 1999 were allowed to run again. Party leaders asserted that candidates did not have to donate to the party, although this was disputed by watchdog groups. PKS officials acknowledged that candidates were expected to pay for their own campaigns.

All PKS members are required to pay a party membership fee every month, estimated at approximately 2.5% of income. Other party funding comes from “small traders” and the required donation from MPs of 20% to 30% of their salary. PKS officials stated that the party’s financial reports were made public to all members monthly. Party MPs must also submit monthly reports on their income, an agreement they sign when nominated. These reports include information on income and assets, but do not include declarations on other employment or businesses.

Every branch office in the party has its own budget and pays for its own activities and campaigns in the area. Every office is required to submit reports to the party’s headquarters, although party leaders acknowledged that this had become more difficult as the party has grown. The party conducts training at every level in accounting and provides computer software to aid the financial reporting process. As mentioned above, the party also hired 100 auditors to help ensure the accuracy of their reports.

Party leaders complained that NGOs and other activists have hurt the party by discouraging the KPU from giving subsidies to the parties. Party leaders explained that they were short of funding, particularly for day-to-day operations. One official said that PDI-P and Golkar had \$2 million USD for headquarters per year, while PKS had survived on \$200,000 per year. Most of the full-time party staffpersons at the headquarters are volunteers, with only 20 to 30 paid employees. Party officials admitted that the party needed to improve its fundraising tactics. Despite the funding problem, as mentioned above, PKS MPs returned their Rp 1 million government honorarium, which they criticized as extravagant and unethical.

Election Results

Election day, while not untroubled, was considered by voters,¹⁸ most candidates, parties, and domestic and international observers as free and fair without undue violence or intimidation. The Carter Center noted a number of procedural issues including “problems with manipulation of the election process on election day in a few specific locations,” as well as the widely observed problem of improperly folded ballot papers, prompting three KPU directives to review and recheck millions of ballots. The Carter Center concluded that

¹⁸ IFES polls indicated that 93% of respondents “believed that the poll was conducted freely and fairly.”

“tabulations in most locations were well organized and conducted openly.”¹⁹ Vote counting was predominately peaceful. On July 26, however, a small bomb exploded outside the KPU as they were preparing to announce the first round results. No one was injured.

KPU results showed that Susilo Bambang Yudhonyo of the Democratic Party and his vice presidential running mate Jusuf Kala won 33.6% of the vote, and Incumbent Megawati of PDI-P and her running mate Hasyim Muzadi secured only 26.6%. Wiranto and Wahid earned 22.2%; Rais and Yudhohusodo won 14.6%; and Haz and Gumelar won 3%. The Wiranto campaign immediately filed complaints that millions of ballots had been destroyed. On August 10, the Constitutional Court, however, rejected these claims, clearing the way for the run off.

With all other candidates eliminated, Yudhoyono and Megawati have begun frenzied planning for the second round on September 20. An IFES survey conducted immediately after the first round, from July 7 to 14, predicted a win for Yudhoyono in the run-off. The survey found that 66% of respondents would endorse the Yudhoyono ticket, compared to 24% who would support a Megawati ticket.²⁰ The Megawati team, however, has quickly built alliances, attempting to garner the machinery of the eliminated parties. On August 19, Megawati experienced a tremendous boon when the leaders of Golkar Party, PPP, and Prosperous Peace Party (PDS) formally declared support for her campaign.

During a recent USINDO briefing, two experts on Indonesia noted that the peaceful elections in both April and July strengthened Indonesia’s democracy. Both, however, expressed concern for the “pace of movement under either of the next presidents – Megawati or Susilo Bambang Yudhoyono (SBY) – and their ability to pursue a coherent legislative and policy agenda that would have wide support in Parliament (the DPR) and meet public expectations.”²¹

¹⁹ Carter Center, “Post Election Statement on Indonesia Elections,” August 2, 2004.

²⁰ IFES, “Survey July 7-14,” as reported in the *Jakarta Post*, “Voters have made up their minds: Survey,” August 7, 2004.

²¹ August 4, 2004 USINDO briefing Jim Castle, CastleAsia Group and Greg Fealy, Australian National University. (<http://www.usindo.org/10th%20Anniversary%20Lecture/Castle%20and%20Fealy%2008-04-04.htm>)

CONCLUSION

With many elections scheduled across Asia in 2004, the NDI-CALD program had a unique opportunity to observe and compare campaign practices across borders in a contained timeframe. The pre election missions allowed NDI and CALD to learn about the issues dominating politics in the region, discuss shifts in national objectives and policies, and identify campaign trends and tactics. Most importantly, however, observing the pre election period provided an important opportunity to witness political party and finance practices “in action” and assess progress in political reform efforts.

The rationale that inspired the pre election assessment missions, as vocalized by participants at Bangkok II, was that there was a need to monitor and document progress on the issue of reform. Participants, from both within and outside the party system, explained that through this documentation they could perhaps learn effective measures to curb corruption in politics. While no one expressed a belief in the existence of a “magic bullet” for all Asian countries, participants argued that there might be lessons to learn from the experiences of others – in campaign tactics and practices, in the design and implementation of laws and regulations, in structuring watchdog activities, and in encouraging reform in political parties.

As party officials and politicians, the mission members were also uniquely positioned to glean valuable lessons from the practices they observed and assess their adaptability. In addition, the party members who were interviewed during the missions reported that they were more receptive to an observation team of their peers. Given the election schedule in 2004, many of the NDI-CALD mission members also recognized that they too would be “under the microscope” during the assessments of their countries, creating, in the words of one participant, “an empathetic and realistic environment for observation.”

The Campaigns

Although each country in this program obviously experienced unique campaigns with different concerns and issues, there were some similarities. NDI-CALD mission members noted the “emotional” nature of the campaigns in all four countries. They described what they saw as the emergence of “image over substance” in many aspects of the campaigns and the focus on personality and sensation. Although one member pointed out that arguably elections everywhere are largely about image and emotion, it was observed, with qualifications, that this trend was more pronounced in 2004 and in some countries represented a shift from previous issue-based election campaigns. Corruption was also a re-occurring theme in the 2004 elections, demonstrating the increased awareness of the issue and demands for reform. In addition, team members were struck by the more “professional” nature of campaigning and greater emphasis on technology and media.

In Taiwan, virtually all of those interviewed described the presidential campaign as dominated by “emotional issues,” such as national identity. The parties accused each other of playing on the fears and sentiments of the voters. The KMT, for example, consistently admonished the DPP for using military threats from China as a campaign tool. Mission delegates also described the Korean National Assembly campaign as emotional, shaped by strong feelings regarding the impeachment of President Roh. As mentioned above, many interviewees expressed disgust at the level of drama in the campaign at the expense of debates on concrete issues. The “apology performances” of the party leaders, such as Chairperson Chou’s painful prostration ceremony, and the generational bickering were emblematic of the problem. Those interviewed noted that this was a departure from previous election campaigns in which policies related to the economy, North Korea, and labor were more rigorously debated.

The Philippine campaign was also frequently defined as “dramatic” and focused on building image. Poe’s advisors explicitly described their tactic as using the actor’s warm image to indicate his “pro-poor” credentials. Poe’s campaign strategy was to literally reach out to as many voters as possible, eating with them and presenting his sympathetic nature. Aroyo’s team also worked hard to soften her image and appear more down-to-earth. As mentioned above, one interviewee described the importance of “drama” over policy in the Philippines. However, it was also noted that the Philippine voters ranked “knowledge and experience” higher in this election than in previous years, and many interviewees said that the Poe team grossly miscalculated the Philippine voter by relying too heavily on image and emotion.

Many of those interviewed in Indonesia also bemoaned that personality was the most important aspect of the campaign, at the expense of other more pressing issues. Yudhoyono was consistently called the “darling of the media” by friends and foes alike, and his warm, TV-friendly image, compared to Megawati’s more aloof one, was cited as a distinct advantage. Interviewees, however, were quick to point out the positive aspects of the focus on image, particularly by deemphasizing the importance of money. Many watchdogs explained that money could no longer buy support for unpopular candidates, as it had frequently in the past. “Money” and “machine” were taking a back-seat, as indicated by the overwhelming support for a candidate from a small party with no machine and who had fewer resources at his disposal than the other main contenders.

Corruption and reform were also reoccurring themes in the campaigns in all four countries. In Taiwan, both parties were acutely conscious of their need to address their record on combating corruption and demonstrate their clean credentials. In the previous presidential bid, the DPP made reform one of its top campaign issues, and it resonated with voters. Learning from its mistakes, the KMT has struggled to improve its image and disassociate itself from black gold politics, and emphasized the rising corruption scandals in the DPP since assuming power. In the 2004 campaign, both parties highlighted their achievements on fighting corruption, such as supporting new sunshine legislation and enhanced party transparency, and accused their opponent of not doing enough.

The Korean elections were perhaps the most interesting on the issue of corruption. Every issue in the campaign, including the most important one of the impeachment, involved corruption. The impeachment unveiled a nationwide discussion on the campaign violations of which Roh was accused and helped instigate new finance legislation. These regulations, together with egregious scandals and aggressive prosecutorial action, radically changed the campaign climate. Parties spent a significant part of the campaign demonstrating their “poverty” and emphasizing their changed finance practices and commitment to transparency. The GNP in particular went to great lengths to change its image, moving out of its headquarters and into tents to disassociate the party from its past involvement in money politics.

The Philippines has struggled with its legacy of corruption in elections for decades. In the 2004 elections, this struggle was focused on election preparedness, as concerns about fraud in the count were widespread. Those interviewed by the NDI-CALD mission explained that although individual vote buying was no longer as successful a tactic as it had been in the past, so-called “wholesale” vote buying was a significant campaign concern. Each party accused the other of bribing officials, shaving votes, and manipulating COMELEC. The fear of corruption in the election cast severe doubts on the credibility of the outcome even before the elections took place, setting the groundwork for post-election disputes regarding the results.

Candidates’ previous involvement in corruption scandals was a critical campaign issue in Indonesia’s first round of the presidential election. Thanks to active watchdogs, candidates’ past activities were in the spotlight, and news reports often highlighted the candidates’ assets, estimated campaign spending, and linkages with corrupt businesspeople. Interviewees also reported that voters were tired of the financial abuses of politicians and were less susceptible to candidates who spent a lot of money.

Mission members and interviewees noted that campaigning had also become more sophisticated in the four countries, with candidates and parties moving away from more traditional practices of vote buying, patronage, and local rallies. Taiwan’s campaigns are marked by their planning, high-tech events, and state-of-the-art equipment. Both the DPP and KMT had well-organized campaign offices, polling institutes, and research teams. In the Philippines, candidates described the new trend of employing professional political consultants to help with campaign strategy design, team-building, and message development, a movement, according to some, away from traditional operatives. In all four countries, parties described their more frequent use of polling and survey data to aid their campaigns.

The role of mass media, particularly through television, in the campaigns was also pronounced in the 2004 elections. In Indonesia, interviewees described the necessity to utilize media in a nationwide race, as it was impossible to reach all voters using traditional methods. Moreover, it was reported that Indonesian voters received the bulk of their information about the elections through television. The Korean candidates were essentially

forced to conduct an almost entirely media-based campaign, given the ban on rallies and other voter outreach activities.

In many other ways, the campaigns in the four countries differed significantly. Party loyalty and identification in Taiwan, for example, is quite strong, while in the Philippines, parties played virtually no role in the elections. The perceived effectiveness and credibility of the election bodies also varied. Observers in Korea expressed few doubts about the ability of the NEC to carry out its duties in a rigorous fashion, while in the Philippines, the administration of the elections was a major source of concern. With respect to voter trends, generational divides were notable in the Korean elections, while economic divisions were emphasized in the Philippines. Religion, however, was not frequently cited as a divisive factor in any of the four countries, although both the Philippines and Indonesia had religious-based candidates.

Electoral and Political Finance

With the exception of Korea, the countries in the NDI-CALD pre election assessment program suffer severely from a lack of transparency in electoral and political finance practices. Violations are widespread, regulations are weak and/or un-enforced, illegal money helps fund campaigns, and there is no accurate disclosure of party and candidate funding and spending. Despite the differences in legislative frameworks, the NDI-CALD missions heard nearly identical observations in Taiwan, the Philippines, and Indonesia on political financing. In the three countries, everyone reported that it was impossible to obtain accurate information on the amount of money candidates raise, the sources of funding, and how the money is spent. Estimates on the cost of elections were mere speculation, as even the electoral bodies and watchdogs admitted having no reliable data. Civic watchdogs also reported on the difficulty, and danger, of trying to obtain information on campaign finance activities.

Although Taiwan has offered the NDI-CALD program the most progressive examples of internal political party reform, campaign financing and spending lack regulation and transparency. As described above, politicians acknowledged that the financial reports submitted to the election commission do not reflect the realities of funding and expenditures. Taiwan lacks a legislative framework for political parties and finance, and even the provisions in the election law, such as contribution and spending limits, have been suspended due to the inability to enforce them. There are currently proposals by the election commission, Ministry of Interior (MOI), and civic groups to draft sunshine legislation and enhance oversight, although the DPP and KMT have bickered over the proposed regulations.

The Philippines also lacks a legislative framework governing political parties and finance. As described in detail above, only the electoral legislation includes provisions to

regulate campaign finance, and these regulations are routinely ignored. According to interviewees, including candidates, all candidates violate the campaign finance regulations and there are rarely any penalties. Independent watchdogs and election observers explained that they do not even bother trying to monitor political finance, as it is an impossible and dangerous task. COMELEC, although endowed with significant powers, does not have the resources or, according to some, the political will to enforce the campaign finance laws. The Philippine parties, however, all expressed their commitment to passing political party and finance legislation and improving the oversight capabilities of COMELEC, although there is considerable skepticism about the improvements additional legislation would bring.

Interviewees explained that it was “too early” to evaluate Indonesia’s new electoral and political finance regulations. It was widely reported, however, that the old practices of submitting bogus reports, violating disclosure regulations and limits, and receiving funding from illegal sources have not changed. The KPU, while viewed as neutral, was widely criticized for inaction due to unclear regulations, an abundance of loopholes, weak investigatory power, and a general lack of will. However, unlike the Philippines, in Indonesia several NGOs have attempted the task of tracking campaign funding and spending with the aim to expose corruption and heighten public awareness. Political parties did not indicate that any changes were needed in the current regulatory framework and there are currently no efforts to implement reforms to the new electoral legislation.

Legislation provides few answers to why there are opaque and corrupt campaign practices in these three countries. Taiwan has no regulations governing parties or political finance, except during the campaign period. Even many of the electoral requirements have also been abolished due to the futility of their enforcement. The Philippines also lacks year-round regulations on party finance, but has strict regulations on campaign funding, spending, and disclosure. Yet, these regulations are ignored. Indonesia’s legislation governs year-round practices of parties and politicians and includes strict disclosure provisions. To date, these regulations do not appear to have changed practices.

One similarity, however, is that in all three countries, the election commissions appear unable and/or unwilling to enforce compliance, although none of the three countries suffer from biased or politically-controlled election commissions as an explanation. The activities of independent civic watchdogs do vary in these countries, as does the interest within political parties for change. Both the DPP and KMT in Taiwan have acknowledged the problems posed by current political finance practices and vocalized support for a new regulatory framework. Philippine party officials have been actively drafting new political party and finance legislation, and many acknowledged the role the NDI-CALD program has played in encouraging this process. Indonesian parties made no mention of needed reforms, likely due to the fact the country just completed a major re-drafting exercise in 2002 and 2003.

As described in detail above, Korea stands out as the most impressive model of campaign finance reform. Virtually overnight the longstanding practices of illegal fundraising, slush funds, vote buying, lack of financial disclosure, and spending violations were diminished. It is true that the country passed extensive legislation in March 2004 to regulate parties, enhance disclosure, and empower the election commission. However, those interviewed by the mission explained that “will from the top” was a key factor, with President Roh allowing prosecutors to clamp down on corrupt practices. In addition, one cannot dismiss years of public outcry over corruption scandals and active civic and journalistic activities to raise voter awareness.

The combination of these factors may offer clues to reformers elsewhere. Watchdog groups in Indonesia, for example, were exposed to the activities of Korean civic groups during the NDI-CALD Bangkok II conference. They explained that they started to employ some of the tactics used by the Korean groups in the 2004 elections with the aim to heighten awareness among Indonesian voters. Members of the NDI-CALD mission to Korea were inspired by the reports of the election commission and obtained copies of the March legislation to share with their political counterparts at home. Several party leaders and COMELEC officials interviewed in the Philippines were also keen to hear what the NDI-CALD program had learned from Seoul and requested information on Korea’s new legislation and on the structure and powers of its election commission.

Internal Party Reform

In addition to the efforts made by parties to promote external legislation to govern political finance, several of the parties in the four countries have made some progress in implementing internal reforms, particularly in candidate and leadership selection practices.

In Taiwan, the parties, particularly the DPP, have consistently served as a model in the NDI-CALD program through their measures to improve and democratize their selection processes. In addition, the parties have initiated financial reforms, and the KMT started to move the party’s assets into a blind trust. Lately, however, party officials could point to few new reforms. The parties have made little effort, for example, to improve the opaque environment in which financial transactions take place by either advocating reform legislation or voluntarily agreeing to greater disclosure. KMT officials, however, described steps the party has taken to improve general financial management within the party by implementing proper budgeting and accounting procedures and enhancing internal oversight.

Many outside observers accused the Korean parties of only responding to new rigorous oversight and regulations, rather than voluntarily adopting internal reforms. There was little doubt that the Korean parties had to restructure fundamentally their operations to comply with the new political finance regime and growing public demands for cleanliness. Korean party officials, however, also enthusiastically discussed the internal changes they implemented voluntarily since NDI-CALD’s Bangkok I conference.

The MDP, for example, was the first to experiment with primaries to determine the party's presidential candidates in 2002. Party officials claimed that they were inspired by the lessons they learned from the DPP's experience. The GNP and Uri parties also adapted a similar primary process for candidate selection for the National Assembly elections. All three parties allowed non-party members to participate in these elections, which took place across the country. Election commission officials explained that while in general the primaries represented a positive development, there had been some unexpected consequences to greater internal democratization, such as factionalism and increased spending.

In addition to restructuring the party's candidate selection practices, GNP officials described the great efforts made by the party to demonstrate financial integrity. These efforts were a necessity to overcome the severe scandals involving the GNP. As detailed above, the GNP moved into make-shift headquarters, returned illegally contributed money, and elected a new leader with a clean reputation. The party also published the financial statements of all candidates on the Internet, in response to demands for disclosure.

In the Philippines, party officials could cite few reforms implemented internally, with the exception of the small party-list parties that are recognized as operating relatively openly and democratically. In the main parties, candidate selection still upholds the right of the incumbent, allowing no competition. For other nominations, the party leadership decides with little involvement from other officials or members. Financial transactions are completely unknown to the party, with donations going directly to individuals. Party leaders complained of the absence of party discipline or loyalty, blaming the lack of party funds. All party members interviewed stated their belief that legislation was needed to set the groundwork for any internal reform.

In Indonesia, PKS was hailed by those inside and outside the party for being democratic and transparent. The party has gone to great lengths to involve its members in decision-making and to train its officials in proper financial management procedures. PAN officials explained how they were experimenting with greater membership involvement in candidate selection, and had garnered some tips from the NDI-CALD program. They were also keen on engaging the mission member from DPP on the subject of primaries. Although viewed with skepticism, Golkar experimented with a primary-like system to determine its presidential candidate, while other parties had no competition for the post. Party officials from other parties acknowledged that "the Golkar experiment" had presented a certain standard and forced consideration of similar practices in the future.

Summary

The NDI-CALD program revealed several interesting lessons with respect to campaign trends, political finance practices, and internal party reform. The teams were able to measure the progress that had been made in certain areas since the first Bangkok I

conference, documenting the changes and shifts they observed. It was evident, for example, that corruption was a resounding theme in all elections, demonstrating heightened public awareness of the issue and indicating the need for political parties and actors to respond. Importantly, the teams also gleaned useful lessons from successful reform efforts and had the opportunity to discuss their adaptability. The exchanges provided “two-way” sharing and learning, with both the mission delegates and those interviewed discussing their experiences and the reform challenges they face.

In Taiwan, for example, election commission and MOI officials were keen to learn about Thailand’s detailed political party and finance laws from the Thai mission member. In Korea, the Malaysian mission participants were fascinated by the March reform legislation and the process of its implementation, and also had lengthy discussions with the civic watchdog groups about their blacklist activities. The Thai delegate questioned Korean party leaders about the establishment of a “zipped” party list, with alternating male and female candidates.

In the Philippines, the Taiwanese participant, having emerged from an intense debate over the electoral outcome in his country, quizzed COMELEC officials about procedures for ballot design, counting, and verification. The Cambodian delegate engaged in detailed discussions with the professional political consultants advising Philippine candidates, and gathered information on the establishment of this consulting industry. Philippine party officials, in turn, questioned the Taiwanese and Korean mission participants about their fundraising strategies and the effectiveness of public subsidies.

In Indonesia, mission participants expressed their appreciation of meeting with an official auditor of political party finances, explaining that the meeting demonstrated the importance of internal party training in accounting and investment in software. PKS also proudly described its success in engaging local communities in party development through grassroots activities. The efforts of the Indonesian watchdog groups also provided inspiration, according to the Philippine delegate, for encouraging similar efforts at home.

Following each mission, NDI and CALD asked participants to evaluate the program. The primary complaint was the intensity of the schedules, which were filled from morning until night. Overall, however, participants valued the mission and felt that they had gained something to share with their colleagues back home. Delegates requested that NDI and CALD continue missions of this nature to document progress, encourage exchanges between political party officials, and, in the words of one delegate, “keep the flame of the program alive.” Many of the party officials interviewed during the mission also expressed their encouragement, explaining that they were happy to engage with their colleagues from the region, even during the busy campaign time, and, according to one Indonesian politician, “know we are under scrutiny.”

APPENDIX ONE

Biographies of Mission Participants

Mission Organizers

John Joseph S. Coronel

Mr. John Joseph S. Coronel is the executive director of the Council of Asian Liberals and Democrats (CALD). He is also the vice president of the National Institute for Policy Studies (NIPS), the liberal think tank for Philippine Democracy. He is also a consultant of Philippine Senator Francis Pangilinan. On the non-political side, Mr. Coronel is a freelance writer and art reviewer. He studied at the University of the Philippines in Diliman and the University of Hawaii in Manoa as a grantee of the East West Center.

Laura L. Thornton

Ms. Laura Thornton is a senior program manager at the National Democratic Institute for International Affairs (NDI) and is based in Singapore. She designed and manages NDI's regional program on political party reform and is co-editor of the program's publication, *Political Parties in Asia: Promoting Reform and Combating Corruption*. Previously, she served as NDI's resident director in Thailand, and managed the Institute's programs in Malaysia. Ms. Thornton earned her Bachelor's Degree in history from Northwestern University and her Master's Degree from Princeton University's Woodrow Wilson School for Public and International Affairs.

Taiwan Mission, March 2004

Son Chhay

Since 1993, Hon. Son Chhay has been a member of parliament representing Siem Reap province. He currently is the chairman to the Parliamentary Committee on Public Works, Transport, Telecommunications, Post, Industry, Energy, Mines, and Commerce. Previously he served as secretary to the Committee on Education, Culture, Tourism, and Religious Affairs. He is a member of the Sam Rainsy Party and is actively involved in promoting democracy, human rights, equal opportunity, and good governance. Hon. Son Chhay is also an executive member of Global Network for Parliamentarians Against Corruption (GOPAC) and a founding member of the Coalition for Transparency Cambodia. Hon. Son Chhay received his Bachelor's Degree in mathematical science from Flinders University and his diploma in education from Adelaide University in Australia. He also completed a course in business management at TAFE College in Australia. He is a member of the executive committee of the Council of Asian Liberals and Democrats (CALD). Hon. Son

Chhay was a participant in the first NDI-CALD regional political party workshop in January 2002.

Prakob Chirakiti

Dr. Prakob Chirakiti was the Director of the Democrat Party. He has also been a Member of Parliament, Chair of the Standing Committee on House Affairs, Advisor to the Deputy Minister of Public Health, and Advisor to the Deputy Minister of Finance. An engineer by training, Dr. Chirakiti is Director of the United Communication Industries in Thailand and was Director of Silom Building and Services. He was also an Associate Professor at the National Institute of Development Administration in Thailand and a Lecturer at the University of Missouri in the United States. Dr. Chirakiti earned his M.SC in Engineering Management and Industrial Engineering and his PhD from the University of Missouri in the United States.

Jose Luis Martin C. Gascon, Esq.

Mr. Jose Luis Martin C. Gascon, Esq. (The Philippines) was the Executive Director of the National Institute for Policy Studies (NIPS), a non-governmental organization undertaking research, training, and networking activities on liberal politics in the Philippine context. He is also the Chair of the Liberal Party's Commission on Public Policy and Advocacy. His work has led him to pursue a principal role in contemporary political issues involving constitutional and electoral reforms, campaign finance reform, transparency and accountability in governance, human rights and conflict transformation, and other social reforms. He was awarded the 2001 Benigno S. Aquino Fellowship in the field of Public Service. Mr. Gascon is also presently a Member of the Philippine Government's Panel negotiating a comprehensive peace settlement with the National Democratic Front (NDF). He previously served as Member of the Constitutional Commission, which drafted the 1987 Philippine Constitution, and of the 8th Congress of the Republic of the Philippines. A lawyer by profession, he obtained both his Bachelor's Degree and LLB from the University of the Philippines. He also read for a Master's of Law Degree (LLM) in International Law at St. Edmund's College, University of Cambridge.

Peter M. Manikas

Mr. Peter Manikas serves as NDI's regional director for Asia programs. Previously, he was NDI's chief of party in Indonesia, Bangladesh, Cambodia, and Malawi. From August 1998 to October 2000 he served in Washington, DC as NDI's regional manager of Southern Africa programs. Mr. Manikas has been associated with NDI, first as a consultant, and later as a senior associate, for the past 12 years. He has been involved in NDI's democratic development work in more than 20 countries.

Before joining NDI full-time, he served as a consultant to the chairman of the UN Commission of Experts for the former Yugoslavia, providing advice and research on the law applicable to the conflict. He also served as a senior fellow in International Human Rights Law at DePaul University College of Law's International Human Rights Law Institute in Chicago, Illinois, and he is the co-author of a major treatise on the law applied by the UN's International Criminal Tribunal at The Hague. Mr. Manikas has also served as a consultant to the World Bank, the UN and the United States Agency for International Development on human rights and anti-corruption issues. Earlier, he held the position of research social scientist at Northwestern University's Center for Urban Affairs and Policy Research, and served as the executive director of a court reform commission in Cook County, Illinois, appointed by the chief judge of the Circuit Court of Cook County. Mr. Manikas earned his JD at DePaul University Law School. He is the author of more than 20 publications on international law, elections and public policy.

Korean Mission, April 2004

Syed Azman Syed Ahmad

Hon. Syed Azman Syed Ahmad is a member of parliament from Terengganu state representing the Islamic Party of Malaysia (PAS). He handles the international affairs of the party and is active in many regional and international programs. Before serving as a MP, he was a lecturer at Malaya University. Hon. Ahmad completed his PhD at Birmingham University in the Department of Political Education in the United States. Hon. Ahmad was a participant in the first NDI-CALD regional political party workshop in January 2002.

Teresa Kok Suh Sim

Hon. Teresa Kok Suh Sim is a member of parliament representing the Democratic Action Party (DAP). She is also the international secretary of the DAP and an elected member of the party's Central Executive Committee. Previously, she worked as political secretary to Mr. Lim Kit Siang, the former Opposition Leader in the Malaysian parliament from 1990 to 1995. Hon. Sim also served as the coordinator for ASEAN with the International Political Leaders Network Promoting Democracy in Burma (PD-Burma) for two years. She graduated from the School of Communication at the University of Science Malaysia (USM), and she received her Master's of Philosophy in political science at the University of Malaya (UM) in Malaysia. Hon. Sim was a participant in the first NDI-CALD regional political party workshop in January 2002.

Buranaj Smutharaks

Dr. Buranaj Smutharaks is a member of the Democrat Party's Restructuring Committee and Policy Committee and is the party's deputy spokesperson. Prior to joining the Democrat Party, Dr. Smutharaks worked as a research director at Chulalongkorn University's College

of Public Health, the Harvard University's Center for Healthcare Financing, and the Harvard Center for Population and Developmental Studies, where he also earned two post graduate degrees in public health and health policy and management. Dr. Smutharaks served as secretary and senior policy advisor to former Prime Minister Chuan Leekpai. During the Leekpai administration, he was also the principal architect of Thailand's Healthcare Reform Initiative and was responsible for establishing the Health Promotion Fund. Dr. Buranaj graduated from Chulalongkorn University's Medical School with the class's highest score in Thoracic Surgery. Dr. Buranaj was selected as one of the "100 outstanding Southeast Asians who are expected to play key leadership roles in business and government in the first decade of the 21st century" by *Asia-Inc Forum on Leadership 2003*, and profiled as one of the "up-and-coming young leaders" of Thailand in the 1998 *Far Eastern Economic Review* article titled, "Young Turks on the Move" (July 30th edition).

Philippines Mission, May 2004

Mu Sochua

Hon. Minister Mu Sochua is Cambodia's Minister for Women's and Veterans' Affairs. She also currently serves as deputy secretary general of FUNCINPEC party (the French acronym for the National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia) and is responsible for capacity building for women party members and candidates. She left Cambodia at age eighteen to live and study in France and then California, becoming a refugee when the Khmer Rouge seized power in 1975. She returned to Cambodia in 1989, when she first joined FUNCINPEC. She ran in the 1998 elections and won a seat representing Battambang, one of the most war-torn provinces in Cambodia and where her parents lost their lives. Minister Mu Sochua ran with FUNCINPEC again in the 2003 elections, competing for a seat from Phnom Penh. Minister Mu Sochua is very involved in numerous civic activities focused on strengthening the rights of women, defending human rights, and preventing the trafficking of women and children. She has also been involved in campaigns to end domestic violence and raise awareness about HIV/AIDS.

Kie-Duck Park

Dr. Kie-Duck Park is the vice-president and a senior fellow of the Sejong Institute in Seoul. He obtained a Bachelor's Degree in political science from Seoul National University, a Master's Degree in international relations from Rice University in the United States, and PhD in comparative politics from the University of Chicago in the United States. He also has served as the director of the Committee for the Democracy Forum of the Sejong Institute since 1998, in which capacity he has organized international conferences on democracy, civil society, governance, political parties, and political finance. Dr. Park has authored and edited numerous publications and articles on politics and political economy in Korea and the Philippines, and on theories of democracy and democratic governance. His major research areas include comparative politics, theories of democracy, and political

economy of Korea and Southeast Asia, especially the Philippines. His current research focuses on: civil society in the context of democratic governance; the political impact of the economic crisis in Korean and other East Asian countries; and economic cooperation among East Asian countries.

Yu-ming Shaw

Dr. Yu-ming Shaw is currently a professor of history at the Chinese Culture University, an adjunct professor of diplomacy at the National Chengchi University, a chair professor of history at Tamkang University, and an adviser to the National Policy Foundation. Since 2001, he has also served as chairman of the Board of Directors and CEO of the *Central Daily News*. Dr. Shaw served as the deputy general secretary in the Central Committee of the Nationalist Party of China (Kuomintang) from 1999 to 2001, and he was an advisor to the Executive Branch in the government of Taiwan from 1998 to 2000. He also held the position of Director-General of the Government Information Office for the Executive Branch from 1987 to 1991. Dr. Shaw has served as a director and fellow at several academic institutes in Taiwan and the United States, and is the author of 19 books, including: *An American Missionary in China: John Leighton Stuart and Chinese-American Relations*; *Beyond the Economic Miracle: Reflections on the Development Experience of the Republic of China on Taiwan*; and *Hong Kong: A Chinese and International Concern*. Dr. Shaw also serves as director of the Board of Directors for the Chinese Association of Political Science, the Chinese Association of International Law, and the Chinese Association of American Studies. Dr. Shaw completed his PhD in history at the University of Chicago and his Master's Degree in international relations at the Fletcher School of Law and Diplomacy at Tufts University in the United States. Dr. Shaw was a participant in the first NDI-CALD regional political party workshop in January 2002.

Indonesia Mission, June 2004

Syed Azman Syed Ahmad

Hon. Syed Azman Syed Ahmad is a member of parliament from Terengganu state representing the Islamic Party of Malaysia (PAS). He handles the international affairs of the party and is active in many regional and international programs. Before serving as a MP, he was a lecturer at Malaya University. Hon. Ahmad completed his PhD at Birmingham University in the Department of Political Education in the United States. Hon. Ahmad was a participant in the first NDI-CALD regional political party workshop in January 2002.

Jose Luis Martin C. Gascon, Esq.

Mr. Jose Luis Martin C. Gascon, Esq. (The Philippines) was the Executive Director of the National Institute for Policy Studies (NIPS), a non-governmental organization undertaking research, training, and networking activities on liberal politics in the Philippine context. He

is also the Chair of the Liberal Party's Commission on Public Policy and Advocacy. His work has led him to pursue a principal role in contemporary political issues involving constitutional and electoral reforms, campaign finance reform, transparency and accountability in governance, human rights and conflict transformation, and other social reforms. He was awarded the 2001 Benigno S. Aquino Fellowship in the field of Public Service. Mr. Gascon is also presently a Member of the Philippine Government's Panel negotiating a comprehensive peace settlement with the National Democratic Front (NDF). He previously served as Member of the Constitutional Commission, which drafted the 1987 Philippine Constitution, and of the 8th Congress of the Republic of the Philippines. A lawyer by profession, he obtained both his Bachelor's Degree and LLB from the University of the Philippines. He also read for a Master's of Law Degree (LLM) in International Law at St. Edmund's College, University of Cambridge.

Victor Andres C. Manhit

Prof. Victor Andres C. Manhit was Undersecretary for External Affairs and Special Concerns of the Department of Education, Culture, and Sports (DECS) from 1998 to 2001, and Deputy Secretary for Administrative and Financial Services of the Philippine Senate from 1996 to 1998. He is presently the executive director of the LABAN (Laban ng Demokratikong Pilipino or LDP) Party Institute, a post he has held since 1994. Prof. Manhit is also currently a member of the faculty of the Political Science Department of De La Salle University-Manila, and a political and policy consultant to opposition leader Senator Edgardo J. Angara and to the Senate Committee on Constitutional and Electoral Reforms. Prof. Manhit was a participant in the first NDI-CALD regional political party workshop in January 2002.

Wilson Tien

Hon. Wilson H. Tien is a councilman of the Taipei City Council and is a member of the Democratic Progressive Party (DPP). He was formerly the director of International Affairs for the DPP. Hon. Tien has also served as deputy manager of the New Tides (Faction) Office of the DPP and as executive director of the DPP Taipei City Chapter. An engineer by training, Hon. Tien worked as a consultant for the Institute of Information Industry, a senior software engineer for Motorola, and a system engineer for Delco Electronics. He was an executive member of the Taiwan Association for Human Rights and the secretary general of Mainlanders for Taiwan Independence Association. He received his Master's Degree in computer science from Indiana University in the United States. Hon. Tien was a participant in the first NDI-CALD regional political party workshop in January 2002.

APPENDIX TWO

SAMPLE MISSION INTERVIEW GUIDELINES

Taken from the Taiwan Pre Election Assessment

Topics for Documentation/Interview Guidelines

I. Legislative Framework

- 1) How effective is the current election law in limiting abuses in campaign finance practices?
 - a. Are the campaign spending limits realistic? Are they generally adhered to?
 - b. Are the spending limits realistic? Are they generally adhered to?
 - c. Are the state subsidies to parties sufficient? Should there be changes in the nature or amount of these subsidies?
 - d. How could the law/regulations on political finance be improved?
- 2) Have there been any recent changes to political finance regulations and laws?
 - a. What aspects of the law have been altered?
 - b. Have these changes been effective in limiting abuses/improving political competition in Taiwan?
- 3) How effective are the enforcing bodies with respect to political finance regulations? Neutral? Credible?
- 4) Has your party ever advocated a change to either the political party law or campaign finance regulations?

II. Candidate Selection Process

- 1) Nominating candidates
 - a. Who can nominate potential candidates?
 - b. Are there criteria for interested candidates? Are their requirements interested candidates must fulfill? Does the party require candidates to declare their assets to the party and disclose other information?
 - c. Are there “conflict of interest” clauses regarding personal businesses and investments?
- 2) Describe the internal party campaign. How do potential candidates gain support in the party? Is there a “code of conduct” for candidates?
- 3) How is the presidential candidate finally determined? Who participated in the candidate selection process? Was there a primary? A delegate system? Are members of the public, non-party members, included?

- 4) Does anyone in the party have veto power? Do certain party leaders carry more weight in decision-making?
- 5) Do candidates need to provide financial support to the party or its leaders in order to secure nomination?
- 6) What are some of the common abuses or problems in the candidate selection process? Vote buying? Bribery? Cronyism? Patronage? At Bangkok I and II (NDI-CALD conferences), pledges were made to reform the candidate selection process in order to curb the influence of money. Has your party implemented any significant reforms recently?

III. Fundraising

- 1) In general, where does most campaign funding come from?
 - Candidates' personal funds
 - Party business
 - Public funds
 - Business interests/company donations
 - Interest groups
 - Private individuals
 - Membership dues
 - Loans
 - Levies on elected officials' salaries
 - Other
- 2) Who manages fundraising for the election? Is there a committee or system?
 - a. Who serves as fundraisers? Candidates? Party members? Volunteers?
 - b. Does fundraising take place at the national level? Local level? Are party branch offices involved?
 - c. How do parties handle contributions going directly to candidates? Do candidates have to report the funds they raise to the party?
 - d. What techniques are used to monitor the process?
- 3) How does the fundraising committee ensure compliance with contribution limits and regulations?
- 4) How are campaign funds managed?
 - a. Are funds held by the candidate? The party?
 - b. Where are the funds kept? Bank account?
 - c. Who has access to funds? Who can withdraw money?
- 5) Is there an official accounting system?

- a. Are all funds recorded in centralized records?
 - b. Do branch offices report to headquarters on the money they raise?
 - c. Is there disclosure of all funds raised and the names of donors?
 - d. An internal audit system?
- 6) Has your party encountered any problems with political corruption related to the management of party fundraising?
- 7) How would you describe the relationship between your political contributors and the party? Have decisions been unduly influenced through political contributions? Does your party have any guidelines to regulate the amount of contributions from certain contributors? Are there certain sources from which your party will not accept money?
- 8) At the Bangkok I and II conference, parties pledged to improve compliance with national regulations. Has your party implemented any reforms to the fundraising process in order to avoid infractions of the law?

IV. Campaigning and Campaign Spending

- 1) What are the major campaign expenses?
- Travel
 - Personnel
 - Mass Media
 - Other voter contact techniques
 - Administrative
 - Security
 - Filing fees
 - Monitors
 - Gifts/handouts
 - Candidates purchasing nomination support within the party
 - Other
- 2) Has vote buying been a problem in your country?
- a. To what would you attribute this problem?
 - b. Do voters in your country expect financial payment for their vote?
 - c. How has this issue affected political corruption within your party?
 - d. Has your party developed any strategies or tactics to combat vote buying or encourage more policy-oriented voting? What tactics have successful or unsuccessful?
- 3) Campaign platform

- a. Who helps determine the party’s platform and policy agenda? Party members? Executive committee? Village officials? Do branch offices participate?
 - b. What techniques do you use to ensure all party members and candidates adhere to your party’s values and policies during the campaign?
- 4) What are the critical issues of this campaign?

**TAIWAN PRE ELECTION ASSESSMENT
SUMMARY FORM**

I. SUMMARY OF MISSION	
<i>Country:</i>	<i>Taiwan</i>
<i>Dates of Mission:</i>	<i>March 7-13, 2004</i>
<i>Interview pool:</i>	
Total Number of Informants	
Number of Elected Representatives	
Number of Political Party Officials	
Number of Other Informants	
Number of Male Informants	
Number of Female Informants	
Number of Ruling Party Officials	
Number of Oppositions Party Officials	
Legislative Framework	
	Comments

1.	Describe effectiveness of spending/contribution limits, public subsidies, and other regulations on political finance. ↑ Very effective ↑ Effective ↑ Somewhat effective ↑ Not effective			
		Yes	No	
2.	Any recent changes to the regulations governing political finance?			
2.a	Have these changes been effective in limiting abuses/improving political competition in Taiwan? ↑ Very effective ↑ Effective ↑ Somewhat effective ↑ Not effective			
		Yes	No	
3.	Any recommendations for changes in legislation?			
Candidate Selection Process				
				Comments
1.	What is the process for nominating potential candidates?			
	KMT			
	DPP			
2.	Are there criteria for potential candidates? (declaration of assets; conflict of interest clauses; etc.)			
	KMT			
	DPP			
3.	Who participates in the candidate selection process?			
	KMT			
	DPP			
4.	Is there a primary process?			
	KMT			

	DPP		
5.	Do candidates have to pay money to secure support within the party?		
	KMT		
	DPP		
6.	What are some of the common abuses or problems in the candidate selection process?		
	KMT		
	DPP		
7.	Has the party implemented any reforms to its candidate selection process in the past two years?		
	KMT		
	DPP		
Fundraising			
1.	Most party funds come from (rank):		Comments
	DPP		
1.a	Candidates' personal funds		
1.b	Party businesses		
1.c	Public funds		
1.d	Business		
1.e	Interest groups		
1.f	Private individuals		
1.g	Membership dues		
1.h	Loans		
1.i	Foreign sources		
1.j	Levies on officials		
	Other (specify)		
	KMT		
1.a	Candidates' personal funds		
1.b	Party businesses		
1.c	Public funds		
1.d	Business		
1.e	Interest groups		
1.f	Private individuals		
1.g	Membership dues		
1.h	Loans		
1.i	Foreign sources		
1.j	Levies on officials		
	Other (specify)		

2.	How is fundraising managed in the party?	
	KMT	
	DPP	
3.	What accounting system is used to manage campaign funds?	
	KMT	
	DPP	
4.	Are campaign accounts (including names of donors) disclosed to party members?	
	KMT	
	DPP	
5.	Are campaign accounts (including names of donors) disclosed to the public?	
	KMT	
	DPP	
6.	Does the party refuse funds from any source?	
	KMT	
	DPP	
7.	Has the party implemented any reforms to the fundraising process in the past two years?	
	KMT	
	DPP	
Campaigning and Campaign Spending		
1.	In general, largest campaign expenses were for (rank) :	
DPP		
1.a	Travel	
1.b	Personnel	
1.c	Mass Media	
1.d	Other voter contact techniques	
1.e	Administrative	
1.f	Security	
1.g	Filing Fees	
1.h	Gifts/handouts	

1.i	Candidates purchasing nomination support within the party		
1.j	Monitors		
	Other?		
KMT			
1.a	Travel		
1.b	Personnel		
1.c	Mass Media		
1.d	Other voter contact techniques		
1.e	Administrative		
1.f	Security		
1.g	Filing Fees		
1.h	Gifts/handouts		
1.i	Candidates purchasing nomination support within the party		
1.j	Monitors		
	Other?		
2.	Describe the frequency and nature of vote buying in Taiwan		
3.	Is there a campaign platform development process? Who is involved?		
	KMT		
	DPP		
4.	What are the critical issues of this campaign?		
	KMT		
	DPP		