

POLITICAL PARTY AND CAMPAIGN FINANCING IN TURKEY

Political finance remains a relatively under-studied but problematic subject in Turkey. How political parties are financed determines to a large extent whether they can sustain a democratic culture within themselves, as well as contribute to the consolidation of democracy and a system of checks and balances. This article discusses seven areas of reform needed to bring about a more transparent and accountable political financing system in Turkey: fair competition, accessibility, ethics, diverse sources of income, reporting of expenditures and income, comprehensive auditing, and timely regulation.

Seda Kırđar*



* Seda Kırđar works at the Istanbul Policy Center (IPC) as an analyst for the Checks and Balances Network.

Political parties are imperative for a well-functioning democracy. Every political party needs financial resources to compete, effectively channel the demands of differentiated social groups, and serve as a platform for political mobilization. Money helps parties maintain themselves as autonomous organizations capable of pursuing public goals and developing a vision for social change.

However, in a democracy with a robust system of checks and balances – where the citizens are the ultimate decision-makers – it is the people’s fundamental right to access information on how political parties and campaigns are financed. The sources of party financing, how parties generate revenues and spend money, and whether party accounts are effectively audited are all indicators of the quality of democratic governance. A democracy can represent the public interest only insofar as this knowledge is made transparent to the people. The amount of funding available to political parties, and how funds are collected, disbursed, reported, audited, and regulated directly impact electoral competition and the overall fairness and representativeness of the political system. The transparency of the financing system in turn impacts the quality of democratic institutions and the overall functioning of the checks and balances system, as without transparency citizens are not in a position to hold political parties accountable to playing by the rules.¹

Public institutions that audit and regulate political party finance must also be transparent to ensure effective monitoring by citizens. Moreover, these institutions must be participatory; that is, citizens must be involved in the preparation of the formal rules and procedures of party and campaign financing. The openness and participatory nature of parties and regulatory bodies ensure public accountability.

Turkey’s system of political party financing lacks such transparency and accountability, and falls well short of international best practice norms. Constructive efforts to foster reform by the Council of Europe, European Union, Organization for Economic Cooperation and Development, and Transparency International notwithstanding, lawmakers in Turkey have failed to take significant action to bring the legal and regulatory framework in line with international standards.²

¹ A system of checks and balances means that the powers of the legislature, the executive, and the judiciary as well as the press, civil society, and active citizens balance and check each other, and thereby create a democratic social order in the framework of their respective rights and responsibilities. The system of checks and balances prevents one power from dominating the others, upholds the principle of separation of powers, protects minorities from the dangers of majoritarianism, and takes gender equality into account. See: “Declaration,” *Checks and Balances Network*, 6 February 2015, <http://birarada.org/kategori/deklarasyon>
² In March 2010, the Council of Europe’s Group of States against Corruption (GRECO) published its “Third Evaluation Report on Turkey on Transparency of Political Party Funding,” putting forward 17 recommended changes in laws and regulations to bring Turkey in compliance with COE standards. In its 2012 evaluation of Turkey’s progress, GRECO stated that “Turkey has implemented satisfactorily none of the 17 recommendations contained in the Third Evaluation Report.” See: “Third Evaluation Round, Interim Compliance Report on Turkey, Transparency of Party Funding,” adopted by GRECO at its 66th Plenary Meeting, Strasbourg, 8-12 December 2014, *GRECO (Group of States against Corruption), Council of Europe*, http://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3%282014%2924_Turkey_Interim_EN.pdf

The system of political party and campaign finance in Turkey is a subject that needs to be scrutinized in a more systematic manner by civil society and academia. Such an effort is currently being undertaken by the Checks and Balances Network, a diverse non-partisan network of 220 civil society organizations representing all segments of Turkish society, and working to strengthen checks and balances and bring about participatory, pluralist democracy in Turkey.³

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With the introduction of the new construction process of the constitution in 2011, Sabancı University Istanbul Policy Center (IPC), along with National Democratic Institute (NDI) have assembled a diverse group of 120 people of politicians, civil society organizations, academicians, and media actors to discuss the ways to strengthen the checks and balances system. Together, they reached consensus on 108 recommendations for strengthening the oversight and legislating capacity of the Parliament, the independence of the judiciary, and the openness and competitiveness of the political party system. Thus, a report called “Strengthening the Checks and Balances System in Turkey through Constitutional Reform” was produced.⁴ The proposals were presented to the President, the Speaker of the Parliament, the Prime Minister, the presidents of political parties, and the Constitution Reconciliation Commission in February 2012. This work was taken one step further when a group of civil society representatives formed the Checks and Balances Network. They came together believing that the guarantee of rights and freedoms require a strong checks and balances system. Today, the Network is the largest and most diverse civil society initiative in Turkey. The aims of the Network are to bring about a new constitution prepared through a participatory process, work for the reform of institutions and foster a new democratic culture.

The Network has recently commissioned a study to collect qualitative data on the practices of political parties to finance their activities and analyze how these practices impact fair political competition, accessibility, representation, voter participation, and public accountability. Findings will be used to develop recommendations and advocate for the passage of a new set of laws on the financing and regulation of parties and campaigns.

³ *Checks and Balances Network* (2015).

⁴ “Strengthening the Checks and Balances System in Turkey through Constitutional Reform”, *Istanbul Policy Center (IPC)*, February 2012, <http://ipc.sabanciuniv.edu/wp-content/uploads/2012/07/Anayasa-Raporu-denge-denetleme.pdf>

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The Network believes that a new comprehensive legal framework is necessary in Turkey to ensure a more open and competitive political party system in line with the following requirements:

Fair Political Competition

Turkey’s political party financing system must be designed to ensure that political parties can compete and function on a level playing field. Fair competition is a

fundamental democratic principle. It enables citizens to defend their interests and act on issues they care about. A system should encourage the formation and entry of new political parties; ensuring the conditions of competition helps to ease this entry. A competitive framework also enables political parties to launch effective campaigns.

On 3 March 2014, the Turkish Parliament approved a law on extended rights and freedoms known as the “democratization package.” The necessary threshold to be eligible for receiving direct public funding, which was 7 percent of the national vote, has been reduced to 3 percent.⁵ Also, previous to the adoption of the package, the Law on Political Parties stipulated that party organization at the district (*ilçe*) level required the establishment of local party organizations in towns (*belde*). The package removed this provision.⁶ These are positive and promising steps in realizing fair political competition. However, in pursuit of fairness, a more comprehensive reform initiative – for instance, one that would reduce the 10 percent electoral threshold, as explained in the next section below – ensuring fair political competition should be realized in Turkey.

Accessibility

The Universal Declaration of Human Rights recognizes the right of every individual to take part in the government of his or her country.⁷ Citizens’ participation in political processes, especially as candidates, is a key indicator of progress towards more inclusive and democratic governance and demonstrates the viability of a system of checks and balances.

Inequality in Turkish politics is a complex phenomenon. There is an important connection between political finance and the inclusiveness of political processes.

⁵ “Law No. 2820 on Political Parties,” 22 April 1983, Additional Article No. 1 added on 2 March 2014,

<http://www.mevzuat.gov.tr/MevzuatMetin/1.5.2820.pdf>

⁶ “Law No. 2820 on Political Parties” (1983), Article No. 20.

⁷ “The Universal Declaration of Human Rights,” Article 21, <http://www.un.org/en/documents/udhr/>

Ordinary citizens of low and middle income and representatives of disadvantaged groups and rights-based organizations have very limited opportunities in terms of participation. The requirements of the current system make it accessible only to wealthy people, along with individuals and groups with extensive control over assets and complex relationships with the parties in power. As a result, socio-economically disadvantaged individuals and groups lack access to the basic funding required to successfully run for elected office. Political finance regulations should aim to level the playing field to increase the chances of equal participation on the part of persons with lower socio-economic status.

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In addition, in Turkey, the 10 percent threshold in general elections is one of the major obstacles to fair accessibility. Given this threshold, it is almost impossible for smaller political parties to function and survive. This rule eliminates the possibility of small parties entering the Grand National Assembly of Turkey and, therefore, distorts the principle of fair representation, which in turn prevents parties from having fair access to potential financing. In order to ensure accessibility, the 10 percent threshold needs to be reduced.

Ethics

While the need for money is a political fact of life, the regulatory framework must prevent moneyed interests from exercising undue influence on parties and candidates. Moreover, special care should be taken to immediately suppress conflicts of interest and the potential for corruption.

The unfair allocation of money in the political sphere has the potential to threaten key democratic values. In Turkey, the incomes of political parties come from donations, public funding, and membership fees. The lack of disclosure by political actors of how they raise and spend money on political activities can seriously hurt the overall accountability of the political system. The system should encourage politicians to be more responsive to their voters regardless of their wealth and ability to contribute to campaigns. Moreover, the framework must provide a firewall preventing parties and candidates from the use of public facilities and resources for partisan purposes.

Diverse Sources of Income

Parties need to generate income not only to finance their electoral campaigns but also to survive as autonomous political institutions enabling political mobilization and channeling the demands of differentiated social groups.

In Turkey, parties' overdependence on public funding prevents them from achieving success and full participation in the political sphere. Parties are under increasing pressure, faced with a vicious circle of escalating costs of campaigning and declining or negligible membership income. In order to prevent various interest groups from aligning their interests and dominating politics, sources of income in Turkish politics should be diversified. Moreover, the framework should encourage parties to raise more funds from membership fees and increase the number of small donor contributions.

Reporting of Expenditures and Income

Disclosure of party incomes is absolutely essential for empowering voters. It enables citizens to fulfill their political responsibilities and make informed choices in elections. A full disclosure of party and candidate funding is also crucial in the fight against corruption and the effort to maintain citizens' trust in politics.

It is also in the self-interest of political parties to be transparent, regularly disclosing to the public the identity and occupation of their donors and the amounts donated by them. Transparency and disclosure breed public trust, and allow political actors to defend themselves against accusations of dubious contributions and financial transactions. Citizens will then more confidently reach the conclusion that the elected official considers public interest instead of responding to the pressure of private interest groups.

Comprehensive Auditing

Another major problem concerning political finance in Turkey is the fact that the financial auditing of campaigns and parties lacks a comprehensive framework. First of all, the current approach to auditing has no specific rules regarding the campaigns of individual candidates during parliamentary and local elections. This is a major obstacle to realizing full transparency of political finance in Turkey, leaving unanswered the question of how vested interests of both local and national character may be using their economic power to determine the career track of individual politicians.

The legal framework should encourage political parties to adopt internal auditing regulations, as well as better compliance with external auditing requirements. The

annual auditing of political parties by the Constitutional Court is based on the general reports submitted by parties themselves.⁸ Instead, political parties should be required to submit more detailed reports more frequently. The main problem regarding this system is that parties often submit reports that

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are far from being systematic and detail-oriented. For instance, in-kind contributions are not consistently included in these reports, which merely include financial information on total revenues and expenditures without any specific information about donors or types of donations. Although several major political parties have developed relatively standardized forms of reporting their finances, these do not consistently take into account the number and amount of in-kind contributions and receipts for individual donations. On the whole, the development of a legal framework comprising comprehensive rules of auditing for parties and individual candidates alike is an indispensable condition for achieving full accountability of political finance in Turkey. Its lack will continue to impede the long-term goal of consolidating democracy.

Timely Regulation

Finally, one of the most problematic aspects of political finance in Turkey is the lack of timely and effective regulation during electoral campaign periods. The institution responsible for performing the financial audit of political parties is the Constitutional Court. The law stipulates that the Court audits whether the revenues and expenditures of parties are in compliance with the existing legal framework on an annual basis. However, this annual reporting of finances by parties does not necessitate a separate account for electoral campaigns, leaving the Constitutional Court without any effective means to enforce timely penalties when rules are violated during electoral cycles. As a result, citizens are unable to access current information on the spending activities of political parties during electoral campaigns. The electorate is thus left with supporting parties and casting votes without reliable information. The law should provide for regular auditing during the campaign period, as the current system puts the whole body of citizens in a disadvantaged position over time, given that the regulatory calendar has no relation to the electoral calendar. In order for Turkey to achieve full transparency and accountability of democratic elections, this lack of timely and effective campaign finance regulation must be remedied. Furthermore, a new regulatory framework should be bolstered with a compulsory

⁸ See: “Financial Supervision by Constitutional Court” in *Law No. 2820 on Political Parties*, 22 April 1983, Article No. 74, <http://www.mevzuat.gov.tr/MevzuatMetin/1.5.2820.pdf>

mechanism providing accessible information to the electorate, so that they can cast their votes in light of concrete knowledge about how parties use money.

Conclusion

Political party and campaign financing is a key indicator of the quality of democracy. Currently in Turkey, citizen-party relations take shape in an informational black hole. In order to achieve higher democratic standards, Turkey should pursue a comprehensive reform of its political finance regulations and create a new legal framework that ensures the viability of a more open and competitive political party system. Empowering the role of citizens in designing and monitoring the rules of party and campaign finance is vital for sustaining a robust system of checks and balances.

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On the whole, there are seven main obstacles to realizing comprehensive party and campaign financing in Turkey. First of all, the 10 percent threshold in national elections continues to inhibit fair political competition, preventing smaller parties from having equal access to parliamentary politics and depriving them of the chance to successfully compete for funds and resources. Secondly, low-income and underrepresented persons and groups still lack effective regulatory safeguards that will provide them with opportunities for equal participation in politics, which in turn restricts the accessibility of political finance mainly to economically powerful interests. Thirdly, the absence of a legal framework that will enforce ethical rules so that politicians cannot use public resources for partisan purposes constitutes another major problem. Fourthly, parties' overdependence on public funding impedes the utilization of other sources of income, leaving them with fewer incentives to try to raise funds more efficiently from membership fees and small contributions. Fifthly, because there is no full disclosure and transparency, the system is vulnerable to the potential corrupting influence of moneyed interests. Sixthly, the financial auditing of campaigns and parties needs a comprehensive framework paving the way for political parties to adopt internal auditing regulations, as well as better compliance with external auditing requirements. Last but not least, timely and effective regulation during electoral campaign periods should be realized so that citizens can cast their vote in light of concrete knowledge about the role of money in politics.