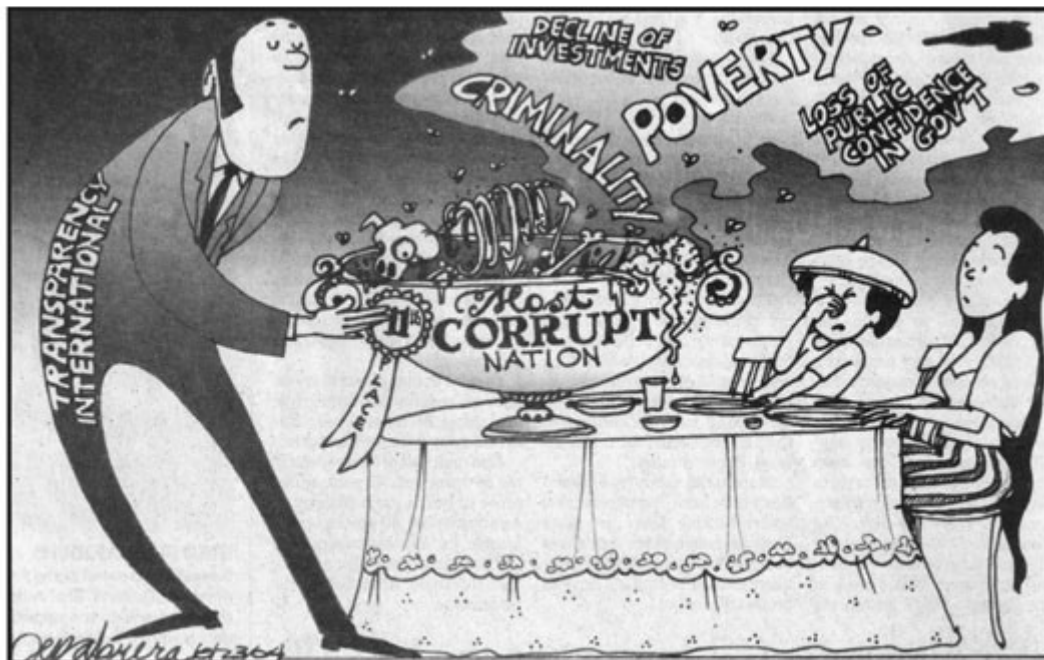


Fast Cars and Red Tape: Categories and Contracts of Corruption in Southeast Asia

MA Thesis by Stephanie Straszynski

For MA Asian Studies (60): Politics, Society and Economy

Student ID: 1414143



Source: Philippine Daily Inquirer, October 23, 2004

[Image sourced at: http://www.investphilippines.info/arangkada/wp-content/uploads/2011/06/03.-Part-2-Becoming-More-Competitive_img_111.jpg]

Contents Page

Page number	
3-4:	Introduction
4-9:	Chapter 1 <i>'It's Complicated'</i>
9-12:	Chapter 2 <i>'Selfish Corruption'</i>
12-17:	Chapter 3 <i>'Political Advantage Corruption'</i>
17-21:	Chapter 4 <i>'Economic Advantage Corruption'</i>
21-25:	Chapter 5 <i>'Functional Corruption'</i>
25-30:	Chapter 6 <i>'Different Pills for Different Ills'</i>
30-34:	Conclusion
34-37:	Bibliography

Fast Cars and Red Tape: Categories and Contracts of Corruption in Southeast Asia

Corruption is a popular modern buzzword, especially in application to developing countries. From an election-maker to a blame-all for the problems of stagnant economies, it is a lively topic of debate both in and out of academia. Literature ranges from total condemnation to proponents of the argument that corruption can be beneficial to an economy, even trade-generating. However, less attention has been paid to categorizing corruption from a single nondescript phenomena into distinct ones with varying circumstances and desired outcomes. This could be thought surprising, given the value of the 'industry' of anti-corruption (Michael 2009:1). The typical definition of corruption is “the abuse of public office for private gain” (Kaufmann 1997:114), and is presumed a selfish and criminal act. However, corruption is usually induced by more than pure greed, and neither are the desired outcomes of transactions uniform. While corruption is often part of the pursuit for wealth, it may also be carried out at a financial loss in exchange for power or other favours. The purpose of this paper is to counter some common misconceptions about corruption, then establish a set of categories for the purposes of differentiating and better understanding modern corrupt practices, drawing examples from Southeast Asia as a base.

Corruption is an increasingly high-priority issue in developing countries, so the variety in economy, as well as different forms of government, makes Southeast Asia a valuable area for study, especially with a perception of corruption in Asia as endemic, even culturally entrenched in Asian values (Quah 2006:177). The region boasts some of the most dynamic economies outside of China, varying from high-income and already transparent nations like Singapore, low-income and highly corrupt ones such as Laos or Myanmar, and middle-income economies in-between like Thailand and Indonesia (Transparency International 2013). Additionally, the Asian financial crisis of 97/98 is often blamed on nepotism and 'crony capitalism', with the prevalence of patron-client relationships and customary gift-giving coming under fire for contributing to the crisis (Wade 1998). However, others have forwarded arguments for 'Asian Exceptionalism', highlighting many states' ability to combine corruption and growth (Hill 2011, Virginie & Hanoteau 2010:693). Generalising corruption fails to capture its complexity, just as debating whether it is good or bad for an economy overlooks the consideration that varying forms of corruption may be good or bad (or good *and* bad) for both participants and the state as a whole. To this end, the first part of this paper identifies and dismisses two common misconceptions about corruption; that it is primarily a criminal act motivated by greed, and that it is bad for an economy under all circumstances. In the subsequent

chapters, four categories of corruption are outlined based on their primary goal; selfish corruption, political advantage corruption, economic advantage corruption, and functional corruption, with a chapter dedicated to the definition and illustration of each category, totalling four chapters. The final chapter analyses anti-corruption initiatives through these categories, looking for a more nuanced understanding of how corruption operates in modern states.

One of the more forward implications of this division is to isolate 'selfish' corruption as one group, implying that the other three out of four are not selfish by the same definition. Although this is not to claim that three out of four of corrupt exchanges are selfless or benevolent, they are not understood to serve the same narrow purposes as 'selfish corruption' does, and may be mitigated by other more pressing goals. Under these circumstances, 'selfish' refers to monetary greed and a preference for immediate gains, and resembles divisions made by other scholars; for example, Dutt and Traca's (2010) definition of corruption as '*extortion*' or '*evasion*', the first in which the official is bribed to do what they are meant to do, and the other where they are bribed to do something they are not (843). While these categories can be clearly defined, they are not mutually exclusive from one another, and other forms of corruption may be more 'selfish' or more 'functional' based on the motivations of both donor and recipient in an exchange. These categories aim to illustrate the importance of understanding the type of corruption in the present day, building a model of corrupt practices that assists in understanding and designing intelligent anti-corruption policy, particularly in the growing economies of Southeast Asia.

Chapter 1: It's Complicated – Definitions and Misconceptions

Corruption as a term has its own history and context, and a simple study of different Southeast Asian equivalents for the word 'corruption' immediately demonstrates the varied meanings and Western heritage. In Thailand the closest translation for corruption is '*choo rat bang luang*', meaning "to defraud the state or to steal from the king" (Quah 2006:177); however, more commonly used is the phrase '*sin nam jai*' to mean "gifts of goodwill" (Quah 2006:177). In the Philippines an abundance of words for corruption merited the publication of "Corruptionary: A Dictionary of Filipino Corruption Words" (CenPEG 2010)", and Khmer also boasts a range of terms for discussing bribes and other corrupt practices, among which the phrase "luy puk roaluy" is most common, interpreted as "corrupted/spoiled money." (Nissen 2005:49). The broadness of Khmer vocabulary on the subject is impressive, with nearly 50 interpretations and phrases documented (Nissen 2005:49-50), describing payments for 'gratefulness', to 'establish a relationship', tea¹/beer

¹ 'Tea money' is also the reported common usage in Myanmar (Chêne 2012:3)

money, 'short-cut money', and more pejorative phrases like "money from sucking someone's blood" (Nissen 2005:49). Each phrase denotes a particular kind of transaction and the atmosphere of the exchange, varying from 'gifts' to extortion. This also indicates that not all bribes are seen in a negative light, and may not be considered corruption "as long as they do not cause trouble to anyone" (Quah 2006:177). In Indonesia the primary word for corruption is *korupsi* (Schütte 2012:39), indicating "distinctly Western origins" (Harrison 2007:676). Western neo-liberal influences have undoubtedly dominated the field of corruption (Harrison 2007:675), with developed states standing as guidelines for 'good governance' and presumed to be a precondition for development (Samson 2010: 273). Less frequently observed is the historical legacy left by the West through colonialism, with many of the corrupt frameworks in developing countries dating from the colonial period, leading to arguments that modern corruption in Southeast Asia is at least in part based on a culture of bribery created by Western powers during colonisation (Svensson 2005:26, Balboa & Medalla 2006: 11). However, while there may be an aspect of Western influence, it cannot be overplayed as there is little correlation between colonisation and levels of corruption; British colonies rank as both highest (Singapore, Malaysia) and lowest (Myanmar) in Transparency International's Corruption Perception Index for Southeast Asia, while Thailand as the only uncolonised nation is not significantly less corrupt than any of its neighbours (Transparency International 2013). Modern corruption is also more diverse than that of previous centuries, with many of the steps for achieving transparency proscribed by 'developed' countries not based on their own experiences but neo-liberal theories and values. Long term growth and general increases in good governance, combined with occasional ad-hoc anti-corruption drives, have been responsible for the most of the West's path to transparency (Meagher 2005: 70). The modern 'anti-corruption package', involving harsher punishments, increased spending and independent anti-corruption agencies is infrequent, with Australia's Independent Commission Against Corruption (ICAC) one of the few existing cases (Meagher 2005:74). These issues highlight the political value of corruption as a term based in Western values and though, raising awareness of the possibility for bias in both its definition and relationship with a state. (Harrison 2007:675)

The definition of corruption is under contest, with the most common definition as "abuse of public office for private gain" (Kaufmann 1997:114); however, this has been found too narrow and limits corruption to a strictly public/private relation (Harrison 2007:674). It excludes deals occurring between private institutions, or arrangements without clear or traditional rewards. For this reason a re-thinking of corruption has taken place, with Transparency International modifying their definition to "the abuse of trusted authority for private gain" (Harrison 2007:674), while others

argue that it is “difficult to construct a definition of corruption which is not dependent on the moral or normative judgements of the observer” (Khan 1996:12). Khan suggests a useful working definition as “behaviour which deviates from the formal rules of conduct governing the actions of someone in a position of public authority because of private-regarding motives such as wealth, power or status” (1996:12). This includes power and status as possible goals, a crucial part of modern corruption in which monetary gain is not always the primary goal. Khan's definition also does not refer to legality, a decision justified by differing laws in which a type of collusion is considered corrupt practice in one country but not in another (Khan 1996:12). Corruption, for the purposes of this paper, is therefore understood to consist of a transaction that deviates from formal and/or legal procedure to achieve a purpose that might be otherwise be done legitimately.

Additionally, regardless of the approval or disapproval of bribery, in many circumstances it is the bribe-payer who initiates a transaction, partly as “a strategic initiative to try lower the amount, but is built on the perception that all bureaucrats are corrupt and enforce/uphold corrupt practices” (Nissen 2005:84). In this way bribe-payers can therefore enforce corrupt systems as much as bribe-takers. Corrupt practices may even consist of a *longe duree* of favouritism and patronage, rather than individual exchanges, breeding the 'crony capitalism' that has been associated with Asia in the past (Virginie & Hanoteau 2010:693). By understanding the nature of corruption as a process that incorporates traditional concepts of greed and self-gain as well as broader considerations, more deeply-reaching factors can be identified as reasons for the persistence of corruption.

Categorising corruption is another difficult process, as like other illicit phenomena, it can be difficult to measure (Samson 2010: 266). Finding reliable primary research on levels of corruption is challenging in any state, much less a closed one, and even successful surveys are subject to limitations, reflecting only part of the nationwide situation (Virginie & Hanoteau 2010:703, Nissen 2005:11). Studies focused on transactions between citizens and public sector workers may miss networks within the private sector, or those internal to public institutions themselves, while surveyors have noted that “corruption surveys may skew the results merely by asking the question” (Nissen 2005:11). Even popular corruption indexes are subject to limitations – Transparency International's ‘Corruption Perception Index’ is by name only a measure of perception, taking its data from 'business experts' whom are “likely to be educated, articulate, and share a particular worldview and set of values about the negative effects of corruption” (Harrison 2007:674). Criticisms of the CPI include “the fact that it relies on an imprecise, yet narrow, definition of corruption, focuses only on the takers and not the givers, and draws its information from often ignorant sources” (Harrison 2007:674). Even the most authoritative measures of corruption are

flawed in some way, but the available data is more useful than none, so studies of corruption must naturally make margins for unreliability in their use of empirical data.

Two common assumptions about corruption will serve as a starting point; firstly, that corruption is a conscious criminal act motivated by greed; and the second, that corruption is always bad for an economy. It is true to say that if the first assumption were always the case, corruption would be unequivocally bad for a country, but the incompleteness of the first assumption invalidates the second. Classic and neo-liberal institutions are usually the first to condemn corruption, with the World Bank labelling corruption “the 'single greatest obstacle to economic and social development' in the mid 1990s” (Bolongaita 2010:5). Scholarship is typically more balanced, but corruption is still “usually assumed to have important prejudicial effects” on economic growth (Leff 1964:8). Douglas Houston (2007) labels the reasons for “blanket condemnation of corruption” as utilitarian (325), citing increased business costs as the basis for labelling corruption a purely extortive force, while Schleifer and Vishy (1993) identify the need for evasion and secrecy as the chief reason corruption is more distortionary than its “sister activity, taxation” (599).

The role of convention and culture, particularly in Southeast Asia, works toward the dismissal of typically 'criminal' associations with corruption. Conventions of gift-giving, combined with flexible language, can contribute to differing boundaries on what is considered corruption in different parts of Southeast Asia (Dwivedi 1967:246). Furthermore, in environments where both superiors and subordinates are engaging in corruption, it becomes an endemic practice that is unofficially institutionalised rather than motivated by any specific choice to engage in corruption. This is even more prevalent in nations with large bureaucracies characterised by low salaries and preexisting cultures of gift-giving (Balboa & Medalla 2006:3). These norms are shared across much of Southeast Asia, and may be combined with systems that are otherwise meritocratic; Thai research has reported that “civil servants are promoted only if they are qualified *and* if they provide gifts and services to their superiors” (Quah 2006:177). While gifts are usually described with more forgiving local equivalents than words like 'corruption' and 'bribe', it is not true to claim cultural differences as a basis of ignorance about corruption – regardless of name, citizens are broadly aware of what corruption is and object to it in principle (Kaufmann 1997:116, Nissen 2005:61). However, it is also understood even by bribe-payers that corruption is not always a result of individual selfishness, with all parties participating in a system that was corrupt long before the point at which they entered, and in which corruption is a practical or even necessary source of income (McLeod 2010, Nissen 2005). In the case of Indonesia “a large proportion of these individuals [civil service employees] see

nothing wrong in their routine acceptance of additional payments that may be technically illegal, knowing that their formal entitlement to remuneration falls short of their private sector peers' incomes.” (McLeod 2010:49) While monetary gain is an important factor even under these circumstances, state workers are often cooperating with a wider framework of corruption that they cannot hope to influence, and may be motivated more by need than greed (Nissen 2005). The counter-hypothesis to the misconception that corruption is primarily motivated by greed, is that corruption is often a reaction to circumstances, more influenced by context than an individual choice.

The second assumption expands upon the first, and presumes corruption is unconditionally bad for an economy. This argument rests on corruption as increasing transaction costs, which in turn “reduces productive activities and investments, with negative consequences unfolding for human development and economic growth.” (Houston 2007:325) Increased business costs and unreliability ward off international investment, frustrate citizens and discourage the use of public services where corruption is a serious problem (Nissen 2005:64), and “most studies conclude that corruption slows down development” (Schleifer & Vishny 1993:600). However, there are other measured impacts of corruption, with a number of studies identifying the conditions in which it can be good for an economy (Houston 2007, Dutt & Traca 2010). Development alongside corruption is both possible and has been observed (Hill 2011, Mutebi 2008:160), with many “unable to find any statistically significant relationship between economic growth and corruption” (Houston 2007:327). Other arguments illustrate the potential of corruption to actively contribute to an economy, offering an efficient route around inefficient procedure (Khan 1996:14). This 'efficiency corruption' argument suggests that in climates of heavy government interference, price-fixing and monopoly, corruption “permits the continuation of valuable economic activity that otherwise would decline” (Houston 2007:328). Under differing conditions of governance, corruption may be at the very least not harmful to an economy, and at best positive (Houston 2007, Leff 1964).

Another argument against the negative impacts of corruption is that (corruptly) close business-government relations foster a good business environment, and may “engender positive effects, for example, in enhancing policy co-ordination and ensuring that market regulatory reforms and other economic measures meet the needs of business.” (Mutebi 2008:161). An expansion of this suggests that multiple interests bidding for rents distributed by the state can “introduce an element of competition into what is otherwise a comfortably monopolistic industry” (Leff 1964:10), encouraging market forces within corrupt networks. Measuring these transactions remains difficult, especially given the reluctance of bribe-payers and bribe-recievers to discuss matters, even

anonymously (Samson 2010: 265). Research shows a theme of public workers declaring others corrupt, but denying being corrupt themselves for fear of repercussion or judgement (Nissen 2005:45-6). While corruption remains socially unpopular (Nissen 2005), the 'grease the wheels' argument continues to find support, with recent Indonesian studies showing a positive correlation between bribe-paying companies and growth in comparison to non-bribe-paying companies (Virginie & Hanoteau 2010:699). Therefore, while subject to conditionality, there is firm basis to question the presumption of corruption as universally bad for state and economy, and explore its impacts more deeply.

Chapter 2: Selfish Corruption

To further aid in the analysis of corruption, four 'kinds' of corruption have been named as selfish corruption, political advantage corruption, economic advantage corruption, and functional corruption. The first, 'Selfish' corruption, has been so named because it refers to the narrow concept of corruption in its most traditional form. It consists of activity outside of legal boundaries exchanging favours or currency, defined by the objective of maximising personal gains. This differentiates it from political or economic advantage corruption, in which the desire for power or business opportunity is mediated by longer-term goals in combination with legitimate practice. Selfish corruption is concerned only with maximized gain and accumulating wealth for personal use. This category has been named to isolate the least helpful and most extortionate extremes of corruption, as its goal is to acquire as much wealth as possible and offer minimal returns. To this end, selfish corruption typically characterises a bribe-taker and not a bribe-payer, as bribes by their nature consist of an immediate monetary loss in return for something non-monetary.

Selfish corruption applies to bribes paid by criminals, who corrupt customs officials, law enforcers and even the judiciary to escape prosecution and allow the movement of illegal goods (Samson 2010: 265). This exchange is selfish on the part of the criminal, who will profit from the sale of trafficked goods, but may be mixed on the part of the official receiving the bribe; greed may factor along with other issues, such as supplement to low wages or fear of retribution by crime syndicates. Selfish corruption is typically associated with greedier and less moral forms of extortion, so is often perceived as the nature of high-level corruption among the elite, extorting vast sums to fund luxurious lifestyles. This attitude persists even though the majority of a population usually have had little experience or no contact with the upper classes, through payment of bribes or otherwise

(Nissen 2005:43). While all corruption is selfish to some extent, 'selfish corruption' as a category intends to isolate the most self-serving and greed-driven cases of corruption.

Examples of high-profile corruption scandals are not difficult to find; many arrests by the Indonesian 'Corruption Eradication Commission' (Komisi Pemberantasan Korupsi, KPK) have targeted top-level policemen, bankers and politicians, many whom were found to have amassed million-dollar fortunes and spent lavishly on cars and mansions (Bolongaita 2010:10). This image of 'fat cats' who pocket large sums of money to spend on themselves epitomise the 'selfishly corrupt', and show specific indicators that differentiate them from others kinds of corruption. Perhaps the best Southeast Asian example of this is the Marcos family of the Philippines; although the Marcoses did not amass as much wealth as the Suharto family during their respective presidencies (Knufken 2011), the legacy of Imelda Marcos's spending on art and her famous shoe collection characterises selfishness (Balboa & Medalla 2006:12). In contrast, General Suharto's wife Ibu Tien – famously nicknamed 'Mrs. ten percent' for her personal cut of business ventures (Bujono 2007:164) – was involved in state affairs; one of her greatest projects was the construction of the 'Beautiful Indonesia Miniature Park', which, in spite of her "controversial" role in planning (McGlynn 2007:164), was opened in 1975 and remains a popular tourist destination. This epitomises the difference between classically 'selfish' corruption and other forms, because while Ibu Tien's cut was taken for personal use, the park received the majority of the allocated funding and now serves both citizens and tourists – which cannot be said for the shoe and art collection of the Marcos family, many works of which are still missing today (McGeown 2013).

This difference can even be observed on a larger scale between Indonesia and the Philippines as nations; under the dictatorship of a general both saw powerful organised corruption, enriching the ruling family, but Indonesia also documented record growth and poverty reduction, while the Philippines fell behind developmentally, with a small elite becoming extremely wealthy in the style of Marcos himself to little benefit of the majority (Bujono 2007:158, Hill 2011, Balboa & Medalla 2006: 11-2). Framing these values, General Suharto by report did not perceive the corruption of his inner circle to be more than "an efficient means of providing goods and services" (Elson 2001:152), and did not consider his patronage corruption provided public good was produced as a result. Although it was still corrupt, regardless of the president's view, Suharto's New Order was by and large founded on a system of accountability and franchise; those who did not produce benefits for the whole were side-lined and replaced by others "who had persuaded officials at higher levels that they were capable of superior performance – and therefore of making greater financial and other

contributions to the franchise – than those of the incumbents.” (McLeod 2010:54). Selfish corruption stands in opposition to these cases of organised, franchised corruption in which a system of sharing sets the rules and holds employees accountable to their output; for Schleifer and Vishny (1993), these two concepts could be described as corruption “with theft” and corruption “without theft” (601), wherein the first constitutes an official taking a bribe to dispense a commodity stolen from government – stolen in the sense that the sale is not recorded and follows no formal procedure – and the latter where they take a bribe while also charging and registering the government's portion of the sale (Schleifer & Vishny 1993:601).

Selfish corruption also provides one of the key counter-arguments to the 'grease the wheels' theory of corruption as efficiency. Rather than being oil for the wheels of a rigid bureaucracy, corruption may instead become 'sand', and selfishly corrupt workers will delay process in order to extract a bribe, after which they will complete normal procedure (Kaufmann 1997:117). This kind of extortion is common among the so-called 'petty corruption' of lower levels of society (Nissen 2005:8), but is often mediated by circumstantial factors that will be more specifically addressed in chapter 5. The nature of corrupt transactions is often a matter of opportunity, so it could be said they 'fail' and become selfish when there is little to no risk of being caught by superiors (Schleifer & Vishny 1993:599), or when there is no contract between the bribe-payer and the receiver, so the individual extorting the bribe is able to take the payment and return poor or no services in exchange (Kaufmann 1997:117). Contract and accountability has a huge impact on the function of corruption, the influence of which relationship can be observed on both the macro- and micro-level in a state. A contract relies on the extent to which the bribe-payer is able to impose performance criteria, or to correctly render the services paid for, on the bribe-recipient. As Suharto's franchisees were held accountable to their ability to show results for their position, businesses may be held accountable to performance criteria by a government dispensing rents and subsidies – it has been argued that the ability to impose performance criteria is a definitive factor in explaining the success of some developmental states and the failure of others (Khan 1996:15). At a lower scale, Virginie and Hanoteau (2010) found the presence of contract and reliability in a study of individual Indonesian factories, discovering that “among the 93 firms that responded, nearly 70% indicated that the service for which they paid the bribe had been rendered as expected.” (695). Similarly in Cambodia, the language of bribery between 'ordinary' citizens is defined by the nature of the arrangement and contract between parties, reflecting the presence or absence of obligation, even including language to differentiate gift giving “with sincerity” and gift giving without (Nissen 2005:53). Selfish corruption by this measure describes corrupt transactions in which there is no accountability

between parties, so the bribe-taker may 'cut and run', extorting capital and then providing little or none of the promised services in return.

The final stage in categorising corruption is to illustrate any unique impacts on a state and economy. Selfish corruption is understandably one of the 'worst' forms of corruption, because as avarice increases so does the amount of capital diverted. The goals of selfish corruption are to maximise personal gain and minimise services returned, meaning that the overall impact of selfish corruption on a state is one of extortion. Furthermore, corruption where the chain of accountability is broken usually results in the most corrosive forms, in which privileged elites are effectively robbing a state of resources and sharing none of their wealth. This can also be observed in business, when companies are powerful enough to extract benefits from the government without returning positive growth or efficient spending of their allocated rents (Balboa & Medalla 2006: 3-4). In a fully flourished 'predatory state', the government is able to extort capital from its citizens and businesses without returning any investment, leading to inequality, poverty, discontent and low or negative growth (Hill 2011, Gillespie & Okruhlik 1991:86).

Chapter 3: Political Advantage Corruption

While selfish corruption is focused largely on the intent of a bribe-receiver, political advantage corruption deals with motivations and context of those who choose to be a bribe-payer, reducing their immediate wealth in exchange for something that cannot be provided through legitimate means. A simple definition can be summarised with the phrase 'money politics', although it does not need to exclusively refer to political matters. Political advantage corruption consists of exchanges in which bribes or other extra-legal opportunities are used in exchange for access to promotion or political power. It is notable in that the end goal is non-monetary, although access to power in turn leads to further wealth. However, in some cases the pursuant is already wealthy, and their pursuit of power – sometimes at great cost – is power for its own sake. These tycoons may feel “pure entrepreneurship did not deliver them public recognition, and are prepared to spend their personal wealth on gaining a place in the political limelight” (Mietzner 2013:98). Former chairman of the PAN party in Indonesia Sutrisno Bachir by his own report spent 18 million US\$ on his party in the first two years of politics in the pursuit of political advancement (Mietzner 2013:98), and even businessmen who made their fortunes through political patronage may then enter politics for personal reasons. An example of this is Aburizal Bakrie whose presidential campaign “required him to put tens of millions of dollars of his (shrinking) fortune into the campaign ... it appears that

Bakrie wanted the presidency to top off what he believed was an outstanding career in business” (Mietzner 2013:99). In another more successful case, Thaksin Shinawatra's campaigns demonstrated the ability of a business tycoon to use their empire as a resource to achieve political office (Hadiz 2010:119, Mutebi 2008). On a smaller scale, this factor applies to the expensive campaign costs of running for parliament in many Southeast Asian countries, costs that are continuing to rise (Gillespie & Okruhlik 1991:82). For those who are not already wealthy, the ability to raise funds, legitimately or otherwise, is an important political tool (Mietzner 2013:100).

Campaign costs are high across most of Southeast Asia, largely due to expenses such as obtaining party membership, gaining patronage of important clients, advertising costs and even outright vote-buying (Ballester *et al.* 2010). These sums are frequently so high that a necessary trade-off is the recovery of at least some of these costs once a campaign has been successful. With official wages low for politicians in most countries bar Singapore, other channels must be used to recover costs; these may come from pre-existing wealth, or side-businesses, but may also include illegitimate practices (Balboa & Medalla 2006:2). The bribe-payer for power becomes a bribe-seeker in order to balance the costs of running for government. This system can become a cycle in which political office becomes most appealing to those who have faith in their ability to recover costs through all means available, resulting in a self-selecting system whereby those individuals who can utilise and profit from corruption choose to run for office, populating politics with corrupt politicians who are successful as a result of the system (Leff 1964:9-10). This illustrates how corruption can be the product of a political system, as “High-cost politics has allegedly forced political parties to steal from state coffers to stay competitive” (Hermawan 2013); while not claiming innocence for corrupt parties, this demonstrates that corruption can be encouraged or even deemed necessary as a result of circumstance. Furthermore, this practice runs the risk of a candidate losing their investments if they do not win, a factor that has encouraged the development of political clans. Networks of nepotism between political clans can not only 'put up' the funds for election, and in cases such as the Philippines almost guarantee wins, but can also cushion losses (Ballester *et al.* 2010).

Outside of politics proper, 'political advantage' corruption can more broadly refer to the pursuit of promotions or other seats of power in the bureaucracy, private or state industries. In Cambodia almost all public workers are expected to pay for promotions, regardless of merit or not; teachers, medical workers, policemen and civil servants must all pay for even basic career advancement, with the amount increasing for each level of promotion (Nissen 2005:32). In some cases positions are offered up to the highest bidder like an auction, if “ those who pay the most for a job get it, then the

prospective officials who do not collect bribes simply cannot afford jobs. (Schleifer & Vishny 1993:603-4). This creates competition in bribe-paying, as “favours will go to the most efficient producers, for they will be able to make the highest bids which are compatible with remaining in the industry.” (Leff 1964:9). However, this system also encourages and entrenches corruption even more deeply, because “those specializing in corruption – and thereby able to earn many times their annual official income through bribes – will be able to outbid other contenders who are less able or less inclined to exploit their official powers to extract bribes. In this example, competition results in higher corruption.” (Svensson 2005:38). This pattern demonstrates the duality of corruption as having the potential to increase competition and efficiency, while also entrenching itself. Whether the overall impact of the corruption is good or bad, it continually makes itself harder to remove by becoming embedded in political systems.

Another way in which aspiring individuals can use corruption to obtain power is not through direct bribing, but by exploiting favour and nepotism, usually in combination with 'gifts' to superiors (Quah 2006:177). In Cambodia, while direct payments are required for promotions in the majority of public sectors, subordinates may also – and sometimes more frequently – pay for dinners, drinks, cigarettes or ‘girls’ for superiors, in spite of their lower wages (Nissen 2005:24). These practices are typical across Southeast Asia, in spite of some countries passing laws against ‘gift-giving’ practices; in the Philippines a Presidential Decree (46, 1972) prohibited gifts to public officials, but “[d]espite this law, however, gift giving is still practiced as this habit has been imbedded in social norms.” (Balboa & Medalla 2006:3). These patterns of gifting and patronage are prevalent in most public institutions, and are to some extent rooted in cultural history; “[i]n these countries primary associations are still dominant; family, kinship, caste, neighbourhood, village, ethnic origin, and religious affiliations are the associational forms that have the first and the greatest call on individual loyalties.” (Dwivedi 1967:247). It is sometimes expected that an individual in state employment has an obligation to help his relatives if they are unemployed, and that this isn't considered corruption in the same way as paying bribes (Dwivedi 1967:248). Similarly in Cambodia, families “will often focus on getting one or two of their children through the education system and employed as civil servants as an investment in future contacts. It becomes a survival strategy for families if they can ‘help’ certain people in exchange for influence.” (Nissen 2005:80). While the presence of certain 'Asian values' does affect the habits and perception of corruption, it is also noted that “[e]ven in traditional settings, the cultural norms of gift-giving are distinguishable from what would be regarded as abusive corrupt practices anywhere.” (Kaufmann 1997:116). Even in countries with prolific corruption such as Cambodia, “corrupt practices are not culturally accepted ... [and] that

just because corruption is widespread it does not become acceptable.” (Nissen 2005:62). While public sector workers are typically aware of corruption and may personally disapprove of it, they will still participate in the structures out of necessity. These patronage structures secure the future of political advantage corruption (Nissen 2005:89), by providing reliable access to power more easily than through legitimate means.

However, while corruption within patronage structures can be an overwhelming force, free and fair politics combined with an active civil society and media who are strongly against corruption provides an alternative, in the form of an anti-corruption platform (Samson 2010:126). Under these circumstances, a clean candidate may steal support from rivals who are (or are at least thought to be) more corrupt than they are. This tactic is effective in places where disillusionment with the existing political candidates is high, for example after the end of Suharto's New Order and failure of subsequent governments to 'clean up' the country's corruption (Bolongaita 2010:20). In the aftermath of *reformasi* Islamic parties gained ground on parties associated with the previous regime, due to at least a perception of being less corrupt than their rivals (Henderson & Kuncoro 2011). Similarly, presidential candidate Joko Widodo (Jokowi) has incorporated a hard line on corruption as part of his popular appeal, and to some sources, “whether or not Jokowi will succeed as president will depend on his ability to address corruption” (Hermawan 2013). An important, if not obvious part of this tactic is that the candidates must not be corrupt. Current Indonesian president Susilo Bambang Yudhoyono (SBY) at one point used the success of the Indonesian Corruption Eradication Commission (KPK) as part of his platform (Bolongaita 2010:20), but while appearing to be an anti-corruption candidate and personally clean, his aides and family were not (Hermawan 2013). Clean politics therefore comes with higher costs and higher risks, because once the credibility of an anti-corruption candidate has been dirtied with evidence of corruption, their platform is more seriously damaged than if they had not taken up an anti-corruption platform in the first place (Henderson & Kuncoro 2011).

It is easy to isolate impacts of political advantage corruption on specific institutions, such as parliament, civil service, health service, law enforcement and even public schooling. At best political advantage corruption can provide access to power that might not otherwise be available, for example, through personal connections or necessary qualifications, which can arguably be good for those people who are able to benefit from the advancement they acquire through corruption (Khan 1996:14). Equally, this access can have more adverse effects when the individuals are exploiting systems and gaining power as a gateway to further opportunity for corruption (Mutebi

2008:148), or when low-level workers are unable to advance because they cannot afford to buy promotions (Nissen 2005:24). This pattern fits that the moderately poor who can afford to buy advantages that they would not have access to legitimately benefit from this kind of corruption, but the poor who cannot afford the payments are barred access from institutions and suffer (Khan 1996:13). Institutional context affects the nature of political advantage corruption in a state, with factors such as the organisation and level of accountability in an industry determining the amount and frequency of graft. The 'organised' corruption of Indonesia's New Order with its franchise structure allowed Suharto to control corruption while also entrenching it, as each employee in a controlled system is only allowed 'their' portion of graft money (McLeod 2010:55). In this case of ordered corruption "it is always clear who needs to be bribed and by how much. The bribe is then divided between all the relevant government bureaucrats, who agree not to demand further bribes" (Schleifer & Vishny 1993:605); under these circumstances, development and public service provision can be stable. For this reason there is often a preference for 'organised' corruption versus disorganised, a preference reflected by the changes in Indonesia during and after the New Order; roughly described during an ANU conference as "after 1999, we democratized and decentralized everything, including corruption ... the only thing worse than organized corruption is disorganized corruption." (Hill 2011).

However, this is not a firm rule – Thailand has a fairly disperse and decentralised corruption, but ranks higher than Indonesia in popular indexes (Transparency International 2013). In this case it is argued that the decentralisation and competition of would-be bribe-payers in Thailand allows for competition, encouraging efficiency (Mutebi 2008). These factors return to the earlier theme of contract between bribe payer and taker; organized corruption entails a greater control over personal corruption and accountability up the chain of command, where if one agent becomes overzealous and stops sharing their profits they are likely to be sidelined or even fired (McLeod 2010:54). However, as in Thailand's case, disorganized corruption can be efficiency-producing by pitting competing interests against one another, where any corruption with theft will result in future clients favouring those officials who are reliable and adhere to the informal contract (Schleifer & Vishny 1993). These structures also build towards deeply entrenched corruption, as the most efficient corrupt producers will be able to remain in the industry (Leff 1969:9), and in the long run "illicit rents may be so systemtized that it makes little sense to think of it as a feature of the political system – it *is* the political system." (Meagher 2005:79). Political advantage corruption has the ability to corrode the effectiveness of public services inside and out; firstly by creating upward mobility through ability to pay, rather than merit, which may allow people who are unqualified for

their positions to advance to positions of power. Secondly, high costs for even basic promotions make it difficult for civilians without wealth or networks behind them to acquire or keep their jobs; without continuing funds, there may be little point, as “[b]uying a position is therefore not always profitable if you have no more money.” (Nissen 2005:41). This can result in poor allocation of resources within a sector, based on corruption and nepotism networks, and the added economic burden makes it necessary for most low-tier public sector workers to ask for bribes from citizens to be able to pay their own bribes further up the system (Nissen 2005:52), and the pyramid structure is harshest on those with no disposable income, so is “especially brutal to the very poor” (Nissen 2005:88). Political advantage corruption is therefore more harmful when considered at an institutional level, and to consider it without context does not capture the systematic nature of its operation.

Chapter 4: Economic Advantage Corruption

Economic advantage corruption functions along similar lines to political advantage corruption, with the difference being that the desired acquisition is not political advancement but economic opportunity. It is for this reason that 'advantage' is important, because it is not bribery in order to receive a larger bribe from elsewhere, but corruption that enables economic opportunities to make money, usually through legitimate enterprises. This kind of corruption often takes place between businesses and government, particularly in the cultivation of close business-government relationships. At the highest level it covers the allocation of rents and protection between high-level government – sometimes the head of state themselves – and a large (and/or national) business. As corruption, the rent must be unfairly allocated or the recipient favoured beyond other competitors; businesses that government members are themselves large shareholders of also deepen the corrupt nature of these relationships. Rents can include monopolies, subsidies to protect goods from international competition, loans at low interest without clear repayment plans, government-sponsored credit, and the allocation of state contracts (Khan 1996). These rents may go to a ‘favourite’ business, the business of friends or families, or simply to the business which will offer the biggest return payment (a kickback) onto the officials responsible for awarding contracts. These process also exist at lower levels of the state, in the form of any corrupt practices that evade legislation for the purposes of creating, encouraging or increasing business; customs evasion, smuggling and bribing officials to avoid taxation or eviction can all be included in this category, especially those taking place where the official procedure would deny equal business opportunity.

One note is that these categories can be complementary rather than competitive, meaning that ‘economic advantage’ corruption can sit on a scale of selfishness without being any more or less about pursuing economic goals. At its most selfish, economic advantage corruption represents the capture of rents by parties who operate to their own profit, even at the cost of mismanagement. One example of this would be the business opportunities given to the family and inner circle of General Suharto, amassing multi-billion dollar fortunes sometimes to the ruin of the allocated company (Elson 2001: 215-7, Bujono 2007:158). The awarded opportunities included highway construction, tolling concessions, monopolies on cloves, plastics and petrochemicals, real estate and other highly profitable concessions, few of which were managed with a high level of efficiency (Bujono 2007:159, Chalmers 1998). However, one difference between economic advantage corruption and purely selfish corruption can be observed here; funds transferred directly from company accounts to private accounts may be called selfish, whereas an appointed CEO paying themselves a handsome salary while managing a business could be pursuing economic advantage corruption if their acquisition of rents violates official procedure. A factor of time may make definition even easier, as the rewards of economic advantage corruption can take place over a period of years or even decades, especially in the case of longstanding government-business relationships. Another example can be made from Aburizal Bakrie prior to his entry into politics, a “compelling example of an oligarch using political channels to protect his wealth” (Mietzner 2013:97). Bakrie’s access to government patronage over nearly 40 years included a “generous debt restructuring deal” (Mietzner 2013:96), influential positions in government, loans, and evasion of paying full damages for his company Lapindo's “infamous mud volcano of Sidoarjo” (97). Bakrie accumulated wealth through legitimate businesses using illegitimate channels of patronage in the government, epitomising the character of economic advantage corruption, but also of collusion, which is often considered separate (though related) to corruption and can encourage the patronage of bad businesses on the basis of personal relationships. Businesses are favoured and protected by the government as a way to produce strong 'home grown' enterprises that can compete on the international market (Wade 1998:1540). However, this policy backfires if the firms cannot remain competitive, and may become disastrous if they are 'too big to fail' and can extract government bailouts without productive reform (Khan 1996:13).

Economic advantage corruption is restricted in that it requires some entrepreneurial subject, but it can still be observed at both high and low levels of the state. In the case of highly protectionist or complicated trade regimes – which may themselves be a by-product of corrupt government-business relationships – corruption can enable trade that might otherwise be unprofitable through official

channels (Dutt & Traca 2010). Under these circumstances, “many businesses operate illegally to avoid the endless restrictions and delays placed in front of a formally legal enterprise. Bribery is essential to sustain such businesses operating in the informal economy” (Houston 2007:328). In these cases, the economic advantage is for a would-be legitimate business that cannot afford to operate in the formal economy; by using corruption they are able to work to a profit, qualifying their actions as economic advantage corruption. A common example of this is evasion of import quotas and taxes, where corruption becomes trade-enhancing at a high enough level of protectionism (Dutt & Traca 2010:852). However, it is worth noting that regimes so extremely protectionist are in a minority; Myanmar would be the closest case in Southeast Asia, which during the time of international trade sanctions would have seen corruption of this form in such banned goods as gemstones and timber (Chêne 2012:2); however, while the country continues to have serious problems in the trafficking of “narcotics, people, wildlife, gems, timber, and other forms of contraband” with companies relying on “personal relationships and illegal payments” to conduct business (Chêne 2012:4), it is also opening, so corruption may become less trade-enhancing and more of a hindrance to legitimate business and the rule of law (Chêne 2012). Economic advantage corruption can overlap with crime, becoming selfish and at the extreme ceasing to operate as any form of economic advantage, but as resource theft. Economic advantage corruption at this lower, “evasive” level (Dutt & Traca 2010:843) operates around the lines of normal business, so by extension becomes part of the ‘shadow economy’ in a state. The legitimate and illegitimate systems often operate side-by-side, with corruption making up part of the trade these “informal system[s]” (Nissen 2005:78). Estimates of the value of shadow economies can run to millions of dollars; World Bank estimates of shadow economy² were 48.7% in Cambodia, 50.3% in Myanmar (data incomplete) and a surprising 50.6% in Thailand, the highest in Southeast Asia (Schneider, Buehn & Montenegro 2010:45-7). The value of this untaxed, unregulated trade deprives the formal economy of income, although only some of the cost is in bribes, the rest being payment for trafficked goods.

Contract and accountability remains an important thematic consideration, particularly in establishing a balance of power between governments and the businesses they form close relationships with. Favoured industries, particularly those afforded credit, rents and subsidies by the government are required to return services by growing and sharing wealth, sometimes forming a symbiotic relationship with politicians pursuing political advantage. Businesses back politicians, who are obligated to return economic advantages through legislation or lobbying should they get into power, and businesses are in turn required to share the fruits of their advantageous position (Balboa & Medalla 2006:4). This system can enhance policy co-ordination and guide market reforms in

² From 1997-2005 overall average, given as a percent of GDP (Schneider, Buehn & Montenegro 2010:45-7)

profitable ways (Mutebi 2008:160), and so can be considered beneficial to a state and economy. Successful state-led growth has been attributed to a government's ability to impose performance criteria on its chosen businesses, highlighting the importance of accountability (Khan 1996:13-5). While corruption has itself been summarised in formula as " $C=M+D-A$, where C is corruption, M is monopoly, D is discretion and A is accountability" (Balboa & Medalla 2006:4), accountability can arguably be included as a requisite for 'successful' corruption as well. While corruption can take place with theft, especially in climates of low accountability (Schleifer & Vishny 1993:601), complex agreements and patronage are usually subject to their own obligations. In Cambodia differences are expressed between 'gift-giving' and bribes, in that "[r]eciprocity is built on social obligations, while corrupt practices more often are an exchange" (Nissen 2005:48). In the case of bribes paid by Indonesian factories, research found that the majority of firms reported services correctly rendered for bribes paid, leading the researchers to question "[i]f the services purchased through bribes get rendered, one question remains: Are payments of bribes for rendered services actually harming growth?" (Virginie & Hanoteau 2010:695)

This leads into an interesting point about economic advantage corruption, in that it is a type often attributed to being beneficial to growth. The acquisition of business opportunities, whether through legal or illegal means, usually leads to legitimate enterprise, and the success of large businesses helps to drive national growth (Mutebi 2008:161). For this reason a close government-business relationship, even a corrupt one, can be argued as beneficial to a developing nation (Leff 1964:8). Even at lower levels, corruption as a bypass of inefficient trade regimes has been labelled as having a positive impact on trade under the right circumstances (Houston 2007:328, Kaufmann 1997:121). At this point, economic advantage corruption has moved away from selfishness and become mutually beneficial for both parties, though at ultimate disadvantage to the government through loss of revenue through taxation. However, to be positive and contribute to an economy a delicate balance must be maintained; government-business partnerships cannot be too unequal or they risk destabilising. Inefficient businesses have been propped up by governments who are unable to impose performance criteria, included in the 'crony capitalism' which became synonymous with Asia after the 1997/98 crisis (Wade 1998:1540). Additionally, securing economic or business advantages is often at the cost of others, usually at the very top or very bottom of state structure. While the government can lose income through evasion of tax at the highest level, at the lowest it is often workers who lose out; in Indonesian factories "government officials were easily corrupted; indeed, they were apparently expected and demanded money. In return, they were very willing to ignore workers' health, wages and interest." (Wolf 1992:121). Therefore, while it pays individually

to be corrupt under certain circumstances, “the practice remains fundamentally a negative distortion for the entire economy and a source of unproductive activities” (Virginie & Hanoteau 2010:703), illustrating the difference between the impact of individual corrupt practices and the collective impact. Individual transactions may be positive while the overall result remains negative, as corruption may simply redistribute resources rather than generating extra income, resulting in the gains of one as the losses of another.

All kinds of corruption have the potential for varying degrees of harm; economic advantage corruption is distinct in having the ability to be actively positive to an economy, but it is one of the hardest to avoid participating in. Politicians have the ability to fund campaigns through legitimate business and family wealth, and can capture electoral support through anti-corruption platforms, but there is a poor business equivalent of ‘clean business’, as even international firms allow for bribery expenses when dealing with significantly corrupt nations (Kaufmann 1997:129). However benign or beneficial, economic advantage corruption's impact depends on a variety of factors; such as stability of the ruling government, its ability to ensure the rents or monopolies it promises, accountability between the government and business, and a mutual commitment to creating stable growth in addition to generating personal wealth. When any of these conditions seriously deteriorates and corrupt individuals and businesses no longer feel bound into producing results, corruption becomes an economic drain through the “propping up of inefficient firms and the allocation of talent, technology and capital away from their socially most productive uses” (Svensson 2005:37). At this point corruption acquires the typical development-inhibiting traits of corrosive corruption, which can “undermine a country's policy and regulatory processes, disrupt the transparent and normal operation of markets, and subvert development plans and resources that may otherwise be invested productively.” (Mutebi 2008:148)

Chapter 5: Functional Corruption

The last category of corruption is known as functional, or in a more forgiving light facilitatory corruption, and refers to acts of corruption which have a practical goal of ‘getting something done’, often without seeking short-term personal gain, political or economic advancement as described in earlier chapters. Functional corruption serves a pragmatic and often mundane purpose, usually to the convenience of everyday life. It typically includes everything under the banner of “petty corruption” (Nissen 2005:8), encompassing most bribes to low-level officials; to apply for jobs, obtaining land titles, and even in legal, education and health services (Nissen 2005:8). The goals are

moderate, even in the case of bribe-takers, who are likely under pressure from their own superiors to pay bribes and rely on the extra income provided through illicit payments to maintain a moderate living standard, if not subsistence living (McLeod 2010:49, Nissen 2005:24). This pressure on officials is usually known by citizens, who are aware of the working conditions and their payment is seen as “much like tipping waiters in restaurants – because they know that official remuneration is unrealistically low.” (McLeod 2010:49). Functional corruption may also be called so because of its ‘function’ in a state, which is to act as the “the grease for the squeaky wheels of a rigid administration” (Kaufmann 1997:116). Bribes add not just a financial incentive, but a personal relationship with the officials being dealt with, as gifts encompass some aspect of obligation outside of formal requirement (Nissen 2005:52). This system of personal relationships and patronage can encompass whole institutions and states, as governments “accept corruption as an aspect of their societies, and try to optimize policy-making within this framework.” (Leff 1964:14) Because of the dominance of necessity over greed, functional corruption is in opposition to selfish corruption in some ways; where selfish corruption serves the individual for luxurious purposes, functional corruption often comes with few alternatives and funds moderate living.

Like other forms of corruption, functional corruption can be deeply embedded into a state with a long history (Svensson 2005:26), and is usually borne out of reaction to circumstances. Factors like low wages, expectation to show ‘respect’ to superiors by paying for luxuries, bribes for transfers or promotions, and historical trend set an atmosphere for corruption that offers little to no choice to employees upon entry into the public sector (Nissen 2005:34). Public opinion can also offer the final nail in the coffin, as the presumption of all civil servants being corrupt leads citizens to offer bribes as a matter of course, leading to situations in which civil servants are assumed corrupt and offered bribes without ever having to indicate a want for them in the first place (Nissen 2005:84). An expansion of this is that systems of corruption become self-sustaining and then self-protecting; in Suharto’s New Order “[i]t was highly unlikely that any individual would blow the whistle on such practices, because to do so would be to put at risk not only a significant part of one’s own overall income, but also that of one’s peers.” (McLeod 2010:57). Similarly, Cambodian interviews reflected a similar perception of institutional corruption.

“It is not possible to be a civil servant and not be corrupt. Nobody wants a person at his workplace who is not corrupt because it is a threat, so the person will soon be taken away. Having a person who is not corrupt will destroy the whole system of distributing the money going around.” (Nissen 2005:77)

Corruption's habit of protecting itself makes anti-corruption initiatives difficult to pursue (Bolongaita 2010:21), especially in the case of deeply entrenched corruption driven by function and convention. In the case of long-standing institutional corruption, the system of informal costs become paramount to taxation, increasing the flat cost of business (Svensson 2005:20). However, if bribes still offer security not guaranteed in the system without bribes, the corruption will persist. (Nissen 2005:34)

This makes functional corruption one of the most pervasive and difficult types to attack; at higher levels when power and money are being traded with high stakes, simply changing the risk factors can be enough to dampen the amount of top-level corruption (Bolongaita 2010:23). However, in the case of corruption that is borne of out systematic weaknesses, it is much harder to create a disincentive because those at the lowest levels of employment have far less to lose and more to gain from everyday corruption (Dwivedi 1967:246). An increase in punishment of low-ranking officials will rarely reduce the level of corruption until official remuneration is balanced to accommodate the costs of living (McLeod 2010:63), and for developing countries with large (sometimes needlessly large) bureaucracies and limited spending, the problem can be larger than governments are able to handle. Comparing the working conditions for Indonesia's KPK against the rest of the civil service highlights key issues, "[t]he salary structure is much simpler, more transparent, and performance orientated than in the civil service. Staff get paid a monthly base salary considerably higher than in the civil service, a fixed transport allowance, and possibly bonuses based on the previous year's performance." (Schütte 2012:46) Low wages, a lack of benefits and a pre-existing culture of corruption factors into a large part of the bureaucratic corruption in Southeast Asia, the correction of which requires expensive systematic reform. Functional corruption on an institutional level is therefore some of the hardest to root out, which may account for many anti-corruption agencies (ACAs) focusing on high-profile cases and 'big fish rather than the day-to-day corruption' (Butt 2011:384). A single anti-corruption agency is ill-equipped to reform a system in which corruption has become institutionalised, as the forces of corruption can overwhelm the actions of even a strong anti-corruption agency, and "[n]ew policies and agencies cannot cure thoroughly unsound governance environments in the near term." (Meagher 2005:78)

Functional corruption can also exist in the blurred lines of legality between corrupt activity and rent-seeking, both of which ensue costs but are deemed necessary in competitive systems (Mutebi 2008:149). Even at higher levels, corruption can become necessary in a system of strongly competing interests, wherein if all other competitors are willing to use favours, bribes and nepotism

to pursue rents, there is little to no legitimate alternative to compete for the same opportunities. Firms that want to be successful may be obliged to use corruption or lose out to competition that will use it (Svensson 2005:38). In these situations the business that is the 'best' at corruption, or the one that is capable of paying the largest bribe while also returning a profit for themselves, will become dominant (Svensson 2005:38). However, purely capitalist corruption is rarely the case, and the interference of collusion or nepotism often distorts what might otherwise be a corrupt yet fair contest (Svensson 2005:34-8). An interesting expansion of this reasoning is that collusion and nepotism may be worse for growth than corruption, and that 'dangers' of corruption may be misattributed to the impact of collusion and nepotism, while competitive corruption may have a more positive impact on growth.

Functional corruption shares a similarity with other forms – particularly economic advantage corruption – in that it is one of the kinds most often called on to illustrate the positive effects of corruption on economy. Leff (1964) and Houston (2007) both look for the positive potential in corrupt practices, giving the context of an atmosphere of corruption, such as is the case with widespread functional corruption underlying state institutions. In the context of poor governance and widespread corruption, “graft may be the only institution allowing other interests to achieve articulation and representation in the political process.” (Leff 1964:9). Houston’s study similarly looks at the impact of corruption as a “substitute for missing or misguided law” (Houston 2007:326). Corruption in these examples is functional in that it is serving a practical, procedural purpose. The effect of these bribes is to offer security not offered by weak states, or to enable business opportunities that are not permitted in the formal economy (Houston 2007:328).

Functional corruption as a replacement for poor rule of law, or as a necessity of business in sectors that are already deeply corrupt, is viable and has been observed. In Indonesian factories “[o]n average, it pays for firms individually to take part in a corrupt system” (Virginie & Hanoteau 2010:703). Similarly, Dutt and Traca (2010) reported “for 5% to 14% of the observations, we find a positive relationship between corruption and trade” (844), supporting the theory of functional corruption as useful. However, these theories only go so far, as positive corruption is still a minority phenomenon and often at the expense of others. In Houston's case study only 12 states of 119 had poor enough governance to make corruption beneficial to their economy³, a percentage of approximately 10%, comparable to the 5-14% margin of Dutt and Traca’s study (2010). The overall impression is that while functional corruption may have a trade-enhancing and economically

3 Haiti, Bangladesh, both Congos, Chad, Venezuela, Côte D'Ivoire, Pakistan, Burundi, Paraguay, Nigeria, and Georgia (Houston 2007:355)

positive effect on an economy, it is in a minority, and will still be at the expense of others (Virginie & Hanoteau 2010:703, Wolf 1992:121).

While construed as one of the more petty, harmless or even beneficial forms of corruption, functional corruption like any other kind has the ability to corrode the rule of law and inhibit good governance. Whether corruption is harmful to good governance or whether a lack of good governance leads to corruption is a chicken-and-egg debate (Leff 1964:9), but for practical purposes it does not strictly matter which came first. Functional corruption is often the most deeply entrenched in society, so contributes critically to measures like corruption perception indexes, supported by the fact that “high perceptions of corruption results in high levels of actual corruption” (Nissen 2005:58). Functional corruption may largely be ‘petty’, but a high incidence of petty corruption is usually matched by corruption all the way up the levels of government and its institutions (Balboa & Medalla 2006:2). It can therefore be difficult to reduce levels of functional corruption, because it doesn't respond to disincentives in the same way as corruption motivated by a goal. Functional corruption is driven by a need for services that may be inaccessible without corruption, so increasing penalties may have little effect, especially when there are few or no alternatives; “[a] person who resorts to bribery ... expects enormous benefits compared to penalties because of his low standard of living” (Dwivedi 1967:246). For this reason, functional corruption responds to systemic changes which remove the pressure or conditions that necessitate corruption in the first place (Leff 1964:13).

Chapter 6: Different Pills for Different Ills

This chapter aims to expand upon the groundwork laid by these four categories by illustrating the varying ways that anti-corruption measures affect a state. The 'industry' of anti-corruption is multi-million dollar enterprise, estimated at approximately \$100 million in 2003, for “the value of goods and services procured by donor agencies for programmes specifically labelled as anti-corruption projects” (Michael 2009:1), but by 2009 this mushroomed into “almost \$5 billion in procurements and salaries to professionals who identify themselves as anti-corruption practitioners involved in specifically dedicated anti-corruption programmes.” (Michel 2009:1). Among the hundreds of anti-corruption specialists and organisations, many offer marketable products; Ethisphere, an American ethics-based business consulting firm claims “A World-Class Anti-Corruption Compliance Program Translates Into Every Language” and offers an “anti-corruption verification package” at company level (Ethisphere.com). The guidelines of anti-corruption programmes fall roughly into three

groups; increasing the severity of punishment for corruption, raising official recompense, and dedicated leadership prepared to lead by example (Quah 2006:179). Other measures such as updating laws are also common; in Singapore under the anti-corruption regime of Lee Kwan Yew expanded legal definitions of corruption, applying criminal liability to include “those who may not accept a bribe but intend to commit the offence. (and people who take bribe but don't do the favour)” (Meagher 2005: 72). While punishment acts as a discouragement, and raising salaries can immediately compensate for the loss of income previously accumulated through graft, the importance of state commitment to anti-corruption cannot be underestimated, and for this reason attention will be given to the concept of a 'state-corruption' relationship. This refers to the concept of an agreement between a ruling elite and their tolerance for corrupt activity. The relationship is often reflected all the way down the levels of government, making the nature of a state-corruption relationship of great influence. Only when a government breaks its pact with corruption can a true zero-tolerance policy cleanse an otherwise corrupt state (Quah 2001:464).

The cornerstone of a modern anti-corruption drive is the establishment of an anti-corruption agency (ACA); however, as a point of developmental difference, “special anti-corruption mechanisms are still predominantly ad-hoc or temporary in many countries, especially in Europe and North America.” (Meagher 2005:70). While Meagher notes that a similar model to the typical anti-corruption agency existed in New York in the 1870s, Singapore's Corruption Investigation Practice Bureau (CPIB) is widely considered the first of its kind (Meagher 2005:70). Anti-corruption agencies are institutions focused specifically on corruption, but other than that may vary in almost all other traits; they can be independent or incorporated with government, large or small, public or private, and their investigative powers can range from equivalent (or above) the powers of law enforcement to being toothless without real power (Gillespie & Okruhlik 1991, Bolongaita 2010). However, while there are plenty of ACAs, particularly in developing countries, many observe that they “probably serve no useful role in combating corruption. Some may indeed be actively harmful.” (Meagher 2005: 79) This enforces the need for multiple pillars of anti-corruption strategy along with genuine political will; in the case of the two most successful ACAs, “the experiences of Singapore and Hong Kong demonstrate the critical importance of political will in curbing corruption” (Quah 2001:464). Indonesia's KPK is a newer example a successful ACA, but also demonstrates the limited impact an ACA has without the other requirements necessary for broad eradication of corruption. (Bolongaita 2010:24)

Their scope means that ACAs are most effective at targeting individual instances of corruption, so largely pursue high-level cases involving significant amounts of money (Butt 2011: 381). ACAs are tools of punishment, able to investigate and bring suspects to court, and in some cases freeze assets (Bolongaita 2010:14, Meagher 2005: 73). Many ACAs are created along with a specific anti-corruption court which processes the cases handed to it by the ACA; in Indonesia the KPK “owes much” to the TIPIKOR (“Pengadilan Tindak Pidana Korupsi” (Bolongaita 2010:6)) anti-corruption court which handled all of its cases for the first five years of its existence (Bolongaita 2010:27). An effective ACA can make an impact on grand corruption among politicians and businessmen who feel threatened by the potential to be caught and convicted (Bolongaita 2010:23). However, small agencies are limited by their own workload capacity, with the KPK handling “not even 3% of the overall number of corruption cases in Indonesia” between 2004-9 (Schütte 2012:43). As tools of punishment, ACAs may act more broadly as symbols to discourage corruption among those who might practise it. However, this presumes the independence and sincerity of the ACA, which is rare among developing countries (Meagher 2005:79). The context of ‘corruption cleanups’, as a method of delegitimising outgoing governments or legitimising incumbent ones, typically results in them being used as political tools to purge opposition, rather than genuine efforts to reduce corruption (Gillespie & Okruhlik 1991:82).

In combination with punishment, reward has been outlined as a key pillar of effective corruption reduction (Mutebi 2008:152). Although raising the salary of corrupt officials may seem like an unearned bonus, increased punishment alone may not be enough to convince public sector workers to give up a portion of their income, especially if the bribe being offered is “a function of the official’s wage” (Svensson 2005:33). Low-paid workers making up a significant portion of their income through corruption may not be able to support their families and keep their position without taking bribes, so if bribe-taking is to be stopped the gap between official remuneration and living wages needs to be met; ideally to match the level of equivalent private-sector positions (McLeod 2010:49). To make giving up graft financially viable for the worse-paid civil servants, official wages have to compensate for the loss, and for better-paid officials increasing wages gives them more to lose if they are found to be corrupt. While there are some conditions of affordability, “findings provide fairly convincing evidence that paying higher wages can deter corruption under certain circumstances” (Svensson 2005:33). This has been the pattern in many countries looking to significantly clean up corruption, but tends to fall short as a measure in nations where the civil service is large and the government cannot afford a large wage increase; or where corruption is so deep that it will continue concomitant to increased resources allocated to the institution (Svensson

2005:35). Institutional change is necessary to deal with corruption that functions as a symptom of “institutional weakness” (McLeod 2010:49), and so applies strongly to all ‘functional’ types of corruption, where context and convention determine a large part of corrupt transactions. Dutt and Traca (2010) described these differences through the terms evasion and extortion, in which “bureaucrats request bribes to do what they are supposed to do, empowered by their status as gatekeepers, or they are bribed to do what they are not supposed to do, allowing firms to avoid regulation” (Dutt & Traca 2010:843). In this case bureaucrats taking bribes for correctly rendering services, as in the first half of the example (extortion to Dutt and Traca) is 'selfish' as the official disrupts procedure to extract a personal fee, whereas the evasion of regulation, particularly in difficult trade regimes, is more functional and allows both parties to benefit.

While selfish corruption reacts well to increased risk through punishments, and functional corruption can be treated by wage rises to compensate for important lost income, there are additional factors in anti-corruption in both political and economic advantage corruption. Big business engaged in high-level corruption in rent-seeking or insider trading do not need financial compensation, as most CEOs and company presidents are paid handsomely so there is little need to raise the salary of individuals who are already wealthy; the business environment must change, and unless it is made difficult for every competing interest to offer a bribe, corruption is likely to continue. In the case of 'money politics' funding is of greater concern than salary, as campaigning is an unpaid activity that must be supported from the politician's own pocket (Mietzner 2013:25). Nonetheless, the body most empowered to change a culture of corruption is the government itself (Quah 2006, Mutebi 2008). In most cases in Southeast Asia the level of corruption in government matches the general perception of corruption, as there are few, if any, examples of a genuinely clean government being undermined or overwhelmed by corruption in other institutions. When a government and leadership core fully commits to eradicating corruption, if it has both capital and the right institutional tools then it will be able to bring the rest of the state with it. This has been the case in Singapore and Hong Kong (Quah 2001:467), as well as outside of Asia⁴.

The commitment between a government and the level of corruption permitted amongst its ranks has been termed a 'state-corruption pact' and due to the illegal nature of corruption is always unofficial, but strongly influences the character of corruption in a state. Nations in which the head of state is corrupt and personally profits from the country, so the state-corruption relationship is deep and selfish, also permit similar behaviour in their inner circle, especially if dispensing favours and rents

⁴ Rwanda has recently been able to demonstrate the reach of fully committed 'zero tolerance' government, now boasting “negligible” corruption in comparison to previous levels and surrounding states (BBC News 2010).

personally. The “protégée” of President Suharto, B.J. Habibie (Wanandi 2007:65), was allowed to make expensive warship purchases (McGlynn 2007:260) “unlimited funds” for a state aircraft industry (BBC 1998), and even benefited so much from his relationship with the president as to achieve vice-presidency leading to presidency after Suharto's resignation (Saldanha 2007:113). When these kind of relationships are exploited at the highest level of government, it passes down with each tier taking slightly less while still operating as part of the 'franchise' of corruption. (McLeod 2010:52)

The state-corruption pact, therefore, can be considered one of the most important aspects of leading anti-corruption drives, regardless of the type of corruption. While other actions have mixed impact on corruption depending on motivation and context, government drive towards transparency changes the atmosphere of corruption from the top down. Just as 'the fish rots from the head' a state also corrupts from the top down; therefore, for corruption to truly reduce, the head of state and inner circle cannot be corrupt. True political will to purge corruption, especially when transitioning from a state with a notable level of corruption, requires strong personal commitment and leadership. The case of Lee Kwan Yew of Singapore stands practically alone, with the Prime Minister deciding in the 1950s to purge corruption and embarking on a programme of increased salary and significantly increased risk⁵, but importantly, “[t]he prime minister himself was strongly committed to the cleanup and served as an example of exemplary conduct.” (Gillespie & Okruhlik 1991:91) Other anti-corruption drives as effective as Singapore's are rare, although it is worth noting that while transparent, Singapore is not absent of collusion and nepotism, given the close family bonds between the previous and current prime ministers, along with other connections between state, business and the Lee family (Restall 2006). More often than genuine incentive to clean up corruption, leaderships may appear motivated to pursue anti-corruption, but rarely for pure motives as their “self-preservation [appears] to be the primary motivating force behind cleanups.” (Meagher 2005: 87) The influence of other pressures, such as discontent among the population and the threat of uprising if the problem of corruption is not dealt with, often acts as an extra incentive for governments to at least appear to go 'clean'. However, for genuine progress, institutional adjustments must fit the corruption they wish to reduce; political reform to change the dynamics of 'money politics', state and business separation for economic advantage corruption, increased monitoring combined with improved salary to reduce functional corruption at bureaucratic levels, and a functional (and not corrupt) legal system to prosecute those found to be corrupt. The reduction of other forms of corruption through reform can aid in the lessening of an atmosphere of

5 THE CPIB has been accused of torture in their investigations (Meagher 2005:73)

corruption and tolerance of theft of government funds, which has a knock-on effect of reducing selfish corruption as the selfishly corrupt face higher risks and reduced opportunity to enrich themselves.

Taking into account the type of corruption as an important factor, and that generic 'anti-corruption packages' are rarely specific enough to create lasting change, these categories and comparisons illustrate some of the interplay between type, impact, and counter-measures to corruption.

Corruption can, and in most cases should, be read as a symptom of greater problems, “[r]ather than being seen as individuals impropriety, corruption is best understood in terms of institutional weakness.” (McLeod 2010:49) Even the most industrious and dedicated anti-corruption bodies can be rendered ineffective or overwhelmed by corrupt forces, because “[n]ew policies and agencies cannot cure thoroughly unsound governance (Meager 2005:78). Thailand failed to clean up corruption in the late 1990s in spite of robust anti-corruption laws, agencies and some proportion of political will, because “the extent of state capture that ensued during the Thaksin era simply overwhelmed it.” (Mutebi 2008:161) In subsequent years Thaksin Shinawatra used anti-corruption as a political tool to purge opposition, tolerating corruption all the up to and including his personal affairs, meanwhile the country saw economic recovery after a sluggish period following the Asian financial crisis (Mutebi 2006:155). Thaksin's terms in office exemplified the co-existence of anti-corruption alongside both corruption and growth. (Samson 2010: 266). However, while Thailand presents with an “absence of meaningful anti-corruption partners” (Mutebi 2008:163), Indonesia in comparison has a growing anti-corruption platform bolstered by the success of the KPK (Bolongaita 2010), yet Thailand continues to receive better ratings in the TI corruption perception index (Transparency International 2014). While the levels of corruption vary between these two states, Indonesia may be better positioned to break a state-corruption relationship, and in the case of Jokowi’s presidency will provide an example of how far a head of state is able to carry a country out of its entrenched corruption, and similarly the ability of a corrupt institutions to resist anti-corruption.

Conclusion

The landscape of corruption remains complicated, with debates ongoing about the impact of variables such as democracy, decentralization, growth and other good governance factors. While there are multiple discussions of factors that influence the level of corruption, typologies have been less common, especially those attempting to separate and define varying forms of corrupt activity

rather than keeping them under the same banner. By dismissing popular but frequently inaccurate assumptions about corruption; that it is primarily a selfish act focused on immediate personal gain, and that it is unequivocally bad for a nation, a stage is set for a more complex understanding of the phenomena. Understand that corruption may not be good or bad, but good and bad, assists in the identification of which types of corruption have the greatest potential to contribute and which forms are a drain on resources. It is also worth identifying the amount of true 'selfishness' which motivates corruption, instead considering that in many cases corruption exists not as a result of individual choices, but as a reaction to circumstance in which the harder option may be *not* to be corrupt. Categories also allow for the identification of unique phenomena that apply to specific forms of corruption; for example, the framework of party funding and campaign costs applies specifically to political-party corruption, just as the legislative and conventional routes of rent-seeking for business lobbying can influence the level of corruption between business and government.

Separating 'political' – in the sense of obtaining power or status, within or without politics proper – advantage from economic advantage is a simple starting point for the division of corruption. Greed for power is still greed, but responds to varying incentives than against greed for wealth, and so can be treated differently. The already wealthy cannot be dissuaded from corruption with increased remuneration or funding, so it is not sensible to use financial compensation to discourage economic advantage corruption, particularly at higher levels. In contrast, many politicians and public sector workers face financial difficulties pursuing their careers, and adjustments to funding and salary have much greater potential to reduce the structural weaknesses that create corruption. Another important division is between selfish and functional corruption, where selfish corruption constitutes the 'normal' form of corruption for self-gain, and functional corruption is more defined by circumstances in which corruption is the norm and there is overwhelming pressure to be corrupt. These factors may be present in the same exchange, with selfishness on the part of the bribe-taker and function on the part of the bribe-payer, but a single transaction is usually an incomplete picture of endemic state corruption. To focus correct policy on reducing corruption, there needs to be an understanding of why parties offer bribes, ask for bribes, and why individuals choose to pay bribes in spite of it sometimes constituting an unequal loss on their part. In many public sectors across Southeast Asia official wages are low and payments or gifts are required to obtain promotions, trapping low-level workers at the bottom of their employment ladders unless they can raise the funds to climb – often this will be through corruption, which is itself conditioned by a climate of expectation in which bribes are offered without needing to be asked for, described in language

equivalents that do not strictly translate to 'corruption'. In circumstances which make it difficult or unavoidable to not engage in illegal acts of fund-raising, corruption is merely a symptom of greater institutional weakness. Atmospheres of corruption are often tolerated at least or engaged with by governments, setting precedents for corruption that can permeate all levels of an institution, and creating a culture of bribe-paying that marks it as a normal or accepted part of daily life. The costs of these payments work to undermine public trust in institutions, bar the poorest from access to important services, and increase business costs both internally and on the international market.

However, it has also been argued that corruption acts as a lubricant to 'grease the wheels' of an uncooperative state, and although corruption is hardest on the very poor, for those with enough disposable income to afford bribes, services that might not have been accessible through legitimate means may be available to the 'moderately poor'. In some circumstances of weak rule of law and restrictive trade regimes, corruption can be a trade-generating force and contribute to an economy, but in most middle-income countries these conditions are not so weak as to make corruption good for the economy. In the case of Southeast Asia few, if any, states are likely to see positive returns as a result of corruption. More often the loss of funds through graft constitutes an unofficial 'tax', raising overall business costs, sometimes euphemistically called 'high cost economy'. However, another way corruption may benefit an economy is through clientilism and state-allocated rents which allow businesses to gain favourable market conditions; if the business is successful and grows, it can pass on benefits and contribute to national growth. Links between government and business, even corrupt ones, also allow for effective lobbying and generate policy in their favour, developing good business climates and stimulating overall growth. While some corruption is 'better' than others, and there are levels and types of corruption that can co-exist effectively with strong, shared growth, less corruption inevitably also means less costs lost through rent-seeking and bribes, which means more money for state expenditure in return.

Another important theme to emerge is that of contract between corrupt parties. When a bribe-payer is able to form a binding contract with their bribe-recipient to correctly provide the services paid for, corruption functions more like an unofficial network of added costs, which can be relied upon and may under certain circumstances be more reliable than the official counterpart. Contract and obligation ensures that parties who benefit from corruption share their extra income, which under the right circumstances can foster growth, or at least does not actively inhibit it. The most predatory kinds of corruption exist where there is no contract or obligation to render services or share profits, becoming corruption "with theft" (Schleifer & Vishny 1993:601), which is characteristic of hyper-

corrupt states. As long as a contract of mutual obligation remains between corrupt parties, corruption can remain a nuisance rather than a barrier to growth. However, while corruption can co-exist with growth, less corruption means less lost costs. Therefore, although this paper has illustrated the more complex nature of corruption, it is still fair to say that less is always desirable. Overall, corruption is still more often than not bad for a state and inhibits development, but emphasises that varying forms of corruption can be bad in different ways, some milder than others; the varied experiences and climates of corruption in Southeast Asia help to illustrate this, displaying highly-developed transparent states alongside high-growth yet corrupt ones, with every country facing some challenges as a result of corruption. This shows the continuing need for intelligent anti-corruption drives and smart policy able to treat the institutional illnesses that cause the 'symptom' of corruption.

In spite of the broad scholarship on corruption, the anti-corruption industry in many areas lacks specificity or understanding of individual circumstance, proscribing one-size-fits-all packages of anti-corruption. The 'industry' of anti-corruption is lucrative to those who can effectively pursue the most popular and profitable paths, and at present relies on similar patterns and packages, characterised by an over-reliance on anti-corruption agencies and lack of political will to lead by example. The commonly used definitions of corruption often lack complexity or understanding of underlying factors, not reflecting that corruption is usually a symptom of institutional weakness rather than widespread criminal intent. To form useful policy there needs to be an understanding of why parties offer bribes, ask for bribes, and why individuals choose to pay bribes even when it may constitute an unequal exchange in the other party's favour. It is more effective on the grand scale to reform state sectors and improve governance factors than to treat corruption as it occurs, by punishing those caught engaging in corruption and are unable to avoid prosecution. Forming anti-corruption committees and agencies is a public way of appearing to commit to anti-corruption without requiring expensive or destabilising reforms, and in many cases anti-corruption initiatives are used as political tools by incumbent governments without ever truly addressing corruption.

The purpose of this paper has been in some part theoretical, with the aspiration of drawing more attention to the mixed landscape of corruption and potential for sector-specific policy to create genuine programmes to reduce corruption. Better understanding of typologies, as well as perceiving widespread corruption as a symptom of greater problems, not *the* problem, has the potential to lead to more effective and personalised policy targeted at the sectors that are most threatened. While the government is undoubtedly the cornerstone of corruption in a state and the reduction of it, civil

society organisations and other non-governmental bodies are gaining effectiveness in applying pressure for clean government, most effectively in creating a platform for rising politicians who can inspire and demonstrate a commitment to anti-corruption. However, some areas of corruption are harder to eradicate than others, particularly when trying to correct imbalances in salary. Some inequalities between public and private have persisted for long enough that correcting them would be expensive, and in some cases unaffordable for middle-income states still recovering from the financial crises. Loss of income and compensation for the exchanges that were previously provided by graft is difficult, but many of the tools to significantly reduce corruption are available to most states in Southeast Asia, along with international support and resources. What is most lacking is full government commitment, which rarely takes the radical turnover path as seen in Singapore in the 1950s. At present those places with active civil society and free media are able to exert pressure on governments, potentially holding the ability to induce genuine political will through the threat of regime change if a government does not comply; these forces may prove important for the future of anti-corruption for this reason, although traditional adjustments to corrupt institutions are still necessary in combination with political pressure. Corruption can be understood as a process, often the result of varying individual and institutional factors, rather than isolated incidents borne from individual purpose. This framework hopes to assist in separating the wheat from the chaff in both actual cases of corruption and its rhetoric, illustrating the phenomenon as a complex yet manageable issue

Bibliography

1. Balboa, Jenny, and Medalla, Erlinda M. (2006) "Anti-Corruption and Governance: The Philippine Experience." *Philippine Institute for Development Studies*. APEC Study Center Consortium Conference, Ho Chi Minh City, Viet Nam. 23-24 May 2006/ASCC/014
2. Ballester, Richard Emerson; Bartolazo, Melanie Calumpang; Ganapin, Bien, and Namingit, Sheryll (2010) "A Study on the Impact of Election Spending on the Philippine Economy." 11th National Convention on Statistics (NCS). EDSA, Shangri-La Hotel . October 4-5, 2010
3. BBC News Online. (2010) "Rwanda has negligible corruption – Transparency." *BBC News*. 22/07/2010 [Online at: <http://www.bbc.com/news/world-africa-10726324>] [Accessed 29/05/2014]
4. Bolongaita, Emil P. (2010) "An Exception to the Rule? Why Indonesia's Anti-Corruption Commission Succeeds Where Others Don't." *U4 Publications* (4)

5. Bujono, Bambang. (2007) "The First Family", "Tien Soeharto: The First Lady." *Indonesia in the Soeharto Years: Issues, Incidents, and Images*. Ed. John H. McGlynn and Hermawan Sulisty. Jakarta, Indonesia: Lontar in Association with Ridge Book. 158-65.
6. Butt, Simon. (2011) "Anti-corruption Reform in Indonesia: An Obituary?" *Bulletin of Indonesian Economic Studies* 47(3): 381-94. *Taylor & Francis*.
7. Centre for People Empowerment in Governance (CenPEG). (2010). "Corruptionary: A Dictionary of Filipino Corruption Words." Anvil Publishing.
8. Chalmers, Ian (1998) "Tommy's Toys Trashed." *Inside Indonesia*. #56 (Oct-Dec) 1998 [Online at: <http://www.insideindonesia.org/feature-editions/tommys-toys-trashed>] [Accessed 29/05/2014]
9. Chêne, Marie. (2012) "Overview of Corruption in Burma (Myanmar)." *U4 Anti-Corruption Resource Centre*. Transparency International.
10. Dutt, Pushan, and Daniel Traca. (2010) "Corruption and Bilateral Trade Flows: Extortion or Evasion?" *Review of Economics and Statistics* 92(4): 843-60.
11. Dwivedi, O.P. (1967) "Bureaucratic Corruption in Developing Countries." *Asian Survey*. 7(4):245-253
12. Elson, R. E. (2001) *Suharto: A Political Biography*. Cambridge, UK: Cambridge UP.
13. Ethisphere (2014) "Anti-Corruption Program Verification." | *Ethisphere® Institute*. [Online at: <http://ethisphere.com/certifications/anti-corruption-program-verification/>] [Accessed 29/05/2014]
14. Gillespie, Kate, and Gwenn Okruhlik. (1991) "The Political Dimensions of Corruption Cleanups: A Framework for Analysis." *Comparative Politics* 24(1): 77-95.
15. Hadiz, Vedi R. (2010). *Localizing power in post-authoritarian Indonesia; A Southeast Asian perspective*. Stanford, CA: Stanford University Press.
16. Harrison, Elizabeth. (2007) "Corruption." *Development in Practice*. 7.(4-5): 672-78.
17. Head, Johnathan. (1998) "Indonesia: BJ Habibie profile." *BBC News Online*. [Online at: http://news.bbc.co.uk/2/hi/events/indonesia/special_report/58602.stm] [Accessed 29/05/14]
18. Hermawan, Ary. (2013) "Commentary: Rethinking Jokowi: The Jakarta Governor as Indonesian President." *The Jakarta Post*. N.p., 18 Sept. 2013. [Web. 06 Jan. 2014.]
19. Hill, Hal. (2011) "Corruption Harms Development? It's Not That Simple." *Global Asia* 6.4: *Global Asia Article : Corruption Harms Development? It's Not That Simple*. Winter 2011. [Web 06/01/2014]
20. Houston, Douglas A. (2007) "Can Corruption Ever Improve an Economy?" *Cato Journal*. 27(3):325-342

21. Kaufmann, Daniel. (1997) "Corruption: The Facts." *Foreign Policy*. 107:114-130
22. Khan, M. H. (1996) "A Typology of Corrupt Transactions in Developing Countries." *IDS Bulletin*, 27:12-21
23. Knufken, Drea. (2011) "10 Politicians Who Stole Fortunes." *Businesspundit.com*. [Web:<http://www.businesspundit.com/10-politicians-who-stole-fortunes/>] [Accessed 29/05/14]
24. Leff, Nathaniel. H. (1964) "Economic Development Through Bureaucratic Corruption." *American Behavioral Scientist* 8(3): 8-14.
25. McGeown, Kate. "What Happened to the Marcos Fortune?" *BBC News Online, Philippines*. 25/01/2013 [Web:<http://www.bbc.com/news/world-asia-21022457>] [Accessed:29/05/14]
26. McGlynn, John H., and Hermawan Sulisty. (2007) *Indonesia in the Soeharto Years: Issues, Incidents, and Images*. Jakarta, Indonesia: Lontar in Association with Ridge Book.
27. McLeod, Ross. (2010) "Institutionalized Public Sector Corruption; A Legacy of the Suharto Franchise." *The State and Illegality in Indonesia*. By Edward Aspinall and Geert Arend Van Klinken. Leiden: KITLV. 45-64.
28. Meagher, Patrick. (2005) "Anti-corruption Agencies: Rhetoric Versus Reality." *The Journal of Policy Reform* 8(1): 69-103.
29. Michael, Bryane. (2009) "The Evolution of the Anti-Corruption Industry in the Third Wave of Anti-Corruption Work" *Proceedings from the Konstanz Anti-Corruption Conference*. Konstanz. [Available at: http://works.bepress.com/bryane_michael/50]
30. Mietzner, Marcus. (2013) *Money, Power, and Ideology: Political Parties in Post-Authoritarian Indonesia*. Honolulu, Singapore and Copenhagen: Hawaii University Press, NUS Press and NIAS Press
31. Mutebi, Alex M. (2008) "Explaining the Failure of Thailand's Anti-corruption Regime." *Development and Change* 39(1): 147-71
32. Nissen, Christine, J. (2005) "Living Under the Rule of Corruption: An Analysis of Everyday Forms of Corrupt Practices in Cambodia." *Centre for Social Development*. Cambodia.
33. Quah, Jon S. T. (2006) "Curbing Asian Corruption: An Impossible Dream?" *Current History* 105(#690): 176-79.
34. Quah, Jon S. T. (2001) "Globalization and Corruption Control in Asian Countries: The Case for Divergence." *Public Management Review* 3(4): 453-70.
35. Restall, Hugo (2006) "Singapore's 'Martyr,' Chee Soon Juan." *Far Eastern Economic Review*. [Online at: <http://www.singapore-window.org/sw06/0607FEER.HTM>] [Accessed 29/05/14]

36. Saldanha, João M. (2007) "The Annexation of East Timor." *Indonesia in the Soeharto Years: Issues, Incidents, and Images*. Ed. John H. McGlynn and Hermawan Sulisty. Jakarta, Indonesia: Lontar in Association with Ridge Book.
37. Sampson, Steven. (2010) "The Anti-corruption Industry: From Movement to Institution." *Global Crime* 11(2): 261-78.
38. Schleifer, Andrei, and Vishny, Robert W. (1993) "Corruption." *The Quarterly Journal of Economics*. 108(3):599-617. Oxford University Press.
39. Schneider, Friedrich; Buehn, Andreas, and Montenegro, Claudio E. (2010). "Shadow Economies all over the World: New Estimates for 162 Countries from 1999 to 2007." Background paper for *In from the Shadow: Integrating Europe's Informal Labor*. World Bank.
40. Schütte, S. A. (2012) "Against the Odds: Anti-Corruption Reform in Indonesia." *Public Administration and Development*. 32(1): 38–48.
41. Svensson, Jakob. (2005) "Eight Questions about Corruption." *Journal of Economic Perspectives* 19(3): 19-42.
42. Transparency International. (2011, 2012, 2013) "Corruption Perceptions Index." *Corruption Perceptions Index*. Transparency International.
43. Vial, Virginie, and Julien Hanoteau (2010). 'Corruption, manufacturing plant growth, and the Asian paradox: Indonesian evidence', *World Development* 38(5): 693-705.
44. Wade, Robert (1998). 'The Asian debt-and-development crisis of 1997-?; Causes and consequences', *World Development* 26: 1535-1553.
45. Wolf, Diane (1992). *Factory daughters; Gender, business dynamics, and rural industrialization in Java*. Berkeley: University of California Press.
46. Wanandi, Jusuf. "The Centre for Strategic and International Studies." *Indonesia in the Soeharto Years: Issues, Incidents, and Images*. Ed. John H. McGlynn and Hermawan Sulisty. Jakarta, Indonesia: Lontar in Association with Ridge Book, 2007. 64-65