

**CHAPTER FIVE**  
**THE PROBLEM OF CORRUPTION IN**  
**SOUTHEAST ASIA**

## **CHAPTER V**

### **THE PROBLEM OF CORRUPTION IN SOUTHEAST ASIA**

#### **5.1 INTRODUCTION**

#### **5.2 REGION PROFILE**

- 5.2.1 Name, Geography and Population
- 5.2.2 Ethnic and Religious Structures
- 5.2.3 Colonial and Post-colonial Rule
- 5.2.4 The Unity of the Region
- 5.2.5 The Strategic Position of Southeast Asia

#### **5.3 CORRUPTION IN PRE-COLONIAL SOCIETIES**

- 5.3.1 The Gift, Bribery and Extortion
- 5.3.2 Nepotism, Cronyism and Favoritism
- 5.3.3 Political Corruption

#### **5.4 CORRUPTION IN COLONIAL ERA**

- 5.4.1 Colonial Powers as Source of Corruption
- 5.4.2 The Disharmony Between Colonial Governments and Southeast Asian Societies
- 5.4.3 Corruption as Consequence of Colonial Rule

#### **5.5 POST-COLONIAL CORRUPTION**

- 5.5.1 Political Corruption
- 5.5.2 Bureaucratic Corruption
- 5.5.3 Alien's Corruption

#### **5.6 THE STRUGGLE AGAINST CORRUPTION**

- 5.6.1 The Political Struggle
- 5.6.2 The Legal and Bureaucratic Struggle
- 5.6.3 The Organizational and Public Struggle

## 5.1 INTRODUCTION

Southeast Asia is a unique region of great diversity and contrast. It is very different from other parts of the world in terms of its geographical setting, historical development, religious belief and practice, ethnic and cultural structures, economic and political potential. Moreover, the region has been the target of major world powers since, at least, the sixteenth century. The major Western colonial powers, namely, the Spanish, the British, the French, the Dutch, the Americans, and the Portuguese have left a variegated legacy and imprints in Southeast Asian societies.

Southeast Asian countries have been experiencing frequent changes in their political, economic and social systems. In the last two decades, the economic and political transformations went faster and faster until most countries of the region became known as the 'Asian Tigers' for their sharp increase of their economic growth rates.

Despite the heterogeneous nature of the different countries in Southeast Asia in the sense of ethnic composition, religions, and political and economic orientations, they are facing many common problems and challenges. These problems and challenges basically pertain to development, autonomy, education, human rights, democracy, and corruption.

Corruption exists in the institutions and attitudes of Southeast Asians and has been carried over from pre-colonial times. With the exception of Singapore, corruption has become more evident in Southeast Asian countries and has steadily increased particularly in the post-colonial era. Like a chronic disease, corruption has been affecting Southeast Asian societies, politics and economy very deeply. Its scars can still be seen today in almost all aspects of life.

However, the struggle against corruption in the region has taken root and fueled further in recent years. The demand for accountability, transparency, honesty, good governance and democracy is on the rise in the region. A striking example of the struggle against corruption is that high political profiles have been brought to justice for corruption allegations. Suharto and Abdurrahman Wahid of Indonesia, and Joseph Estrada of the Philippines have been already removed from their presidential office. In Thailand the National Counter Corruption Commission has also prosecuted Thailand's Prime Minister Thaksin Shinawatra for corruption. However, the Court of Thailand has decided he is not guilty.

Corruption is a serious problem and a complex phenomenon in Southeast Asia that should be systematically studied. This chapter, therefore, is designed to investigate the problem of corruption at different periods of modern history of Southeast Asia taking into account all factors that have been outlined above. The chapter begins with a brief presentation of the region's profile, then, it proceeds to analyze the development of corruption in pre-colonial, colonial, and post-colonial times. The chapter would also highlight the efforts made to check corruption during these historical periods. This chapter serves as an indispensable background for the two chapters that follow, where a systematic study of selected cases of corruption in Southeast Asia will be provided.



## 5.2 REGION PROFILE

### 5.2.1 Name, Geography and Population

The term *Southeast Asia* is of recent origin. It occurred as a result of the Pacific War and became popular during World War II. It was further popularized at the time of the establishment of the so-called 'South-East Asian Command' (SEAC) at the end of 1943, when Southeast Asian territories were placed under Louis Mountbatten.<sup>1</sup>

The common usage of the term *Southeast Asia* includes the geographical areas situated to the east of the Indian subcontinent, to the south of the People's Republic of China, and to the north of Australia. Geographically, modern Southeast Asia is a mixture of two physically quite distinct sub-regions: "Mainland" and "Insular" Southeast Asia. Mainland (or continental) Southeast Asia is located immediately to the south of China and east of India occupying the southern periphery of the Asian mainland. It includes the countries of Cambodia, Laos, Burma (renamed Myanmar in 1989), Thailand, and Vietnam. Insular (or maritime) Southeast Asia is located to the south and east of the mainland bounded by six countries namely Brunei, East Timor, Indonesia, Malaysia, the Philippines and Singapore. Insular Southeast Asia contains about two-thirds of the population of the region as a whole.

Southeast Asia covers an area of 4.1 million square km of land, and in the World's population, in the late 1990s, counted for no less than 8 per cent. Indonesia is the largest populated country in the region, where almost half of the people of Southeast Asia live, and the fourth largest population in the World after China, India, and the United States of America respectively. The Island-State of Singapore is the

---

<sup>1</sup> D. R. SarDesai. 1997. *Southeast Asia Past and Present*, 4<sup>th</sup> edn., USA, Westview Press, p. 3; Rudger Machetzki. *Intranational and Supranational Problems of Political Regionalism in Southeast Asia*, in Bernhard Dahm and Werner Draguhn (eds.). 1975. *Politics Society and Economy in ASEAN States*, Wiesbaden, Germany, Otto Harrassowitz, p. 17.

smallest state in the region; 224 square-mile.<sup>2</sup> Western Malaysia serves as a link between insular and mainland Southeast Asia.<sup>3</sup>

### 5.2.2 Ethnic and Religious Structures

Southeast Asia is a region of evident heterogeneity from the ethnic, religious, cultural, historical, and political points of view. Moreover, within each country further diversities abound. Traditionally, Southeast Asian countries were “plural societies” for their people’s different ethnic origin. The most primitive tribes and ethnic groups like the Melanesians, Micronesians, Tibet, Igorots, Dayaks, Bataks, Mons, Shans, Karens, Chins, and Kashins found refuge in the region and retired into its mountains, jungles and islands.<sup>4</sup> Since the colonial invasion Southeast Asian societies became increasingly plural for new ethnic groups namely the Chinese and Indians had been settled in the region with the help of the colonial powers particularly the British.

The region is very rich in its religious beliefs and practices. There are at least four different World religions in Southeast Asia: Islam, Buddhism, Hinduism and Christianity. Islam is the dominant religion in Indonesia, Malaysia and southern Philippines. Meanwhile the predominant religion in the majority of mainland Southeast Asian countries is Buddhism. Orthodox Christianity made its way to the Philippines during the Spanish colonization. Despite the fact that every country has its own language, mainland Southeast Asians are Thai-speaking peoples, whereas insular Southeast Asians are Malay-speaking peoples.

---

<sup>2</sup> <http://www.instantweb.com>; Richard Butwell. 1975. *Southeast Asia: A Political Introduction*, New York, Praeger Publishers, pp. 5-6.

<sup>3</sup> Appendix I.

<sup>4</sup> For further details see: SarDesai, *Southeast Asia Past and Present*, op. cit., pp. 7-14; H. J. van Mook. 1950. *The Stakes of Democracy in South-East Asia*, London, George Allen & Unwin Ltd., pp. 29-32.

### 5.2.3 Colonial and Post-colonial Rule

During the colonial rule, Southeast Asian countries have been put under different colonial policy and practice. The British in Brunei, Burma, Malaysia, and Singapore, the French in Cambodia, Laos and Vietnam (Indochina), the Dutch in Indonesia, the Portuguese in East Timor, and the Americans in the Philippines. In the post-colonial era, from a political perspective, Southeast Asian countries have experienced different types of governments. Some of these governments are communist, others are democratic, and others are military or sometimes a mixture between military and civilian. In brief, "the political environment in Southeast Asia is complex and changing, shaped by history, geography, economic sources and development, colonialism and post-independence problems, and the changing Asian international setting."<sup>5</sup>

### 5.2.4 The Unity of the Region

The great diversity of Southeast Asian countries has not deprived the region from being treated as a unit. Apart from the geographical proximity of the various countries, the idea of unity within Southeast Asia began to take hold with the Second World War. As a result of military circumstances, particularly the Japanese occupation of the region, the warring powers USA and Great Britain adopted the concept of Southeast Asia as a region of its own. Southeast Asia was conceived as a unity by outside forces for their own specific interest. With the end of World War II, the idea of unity of Southeast Asia had grown and gained momentum and attention from the political leaders of the time. The establishment of the Association of South-East Asia (ASA) in 1961 was regarded as the first remarkable step towards

---

<sup>5</sup> Butwell, Southeast Asia: A Political Introduction, op. cit., p. 9.

enhancing the interregional cooperation. Malaysia made a great effort to spread the idea of the unity of Southeast Asia, to encourage closer relations among the countries of Southeast Asia, to study the ways and means of helping one-another particularly in economic, social and scientific fields. There were several events that occurred in the years 1961-1965 such as the foundation of the Federation of Malaya in 1963, the withdrawal of Singapore from the Federation of Malaya in 1965, the territorial conflicts over Sabah and Sarawak, Indonesia's internal anti-communist uprising have shaken the ASA and even signaled its effective break up. However, ASA was revived to a certain extent between 1966 and 1967 and then due to the regional political climate, it was incorporated in a more extensive organization; the Association of the South-East Asian Nations (ASEAN) which was founded in Bangkok on 8 August 1967. Since its foundation ASEAN comprises the five founding member states, namely, Malaysia, the Philippines, Thailand, Indonesia and Singapore. Now, more than ever before, the underlying similarities in political and economic challenges and problems, the tendency to think of Southeast Asia as a unit has gained greater attention from policy makers and social scientists.<sup>6</sup>

#### **5.2.5 The Strategic Position of Southeast Asia**

The region of Southeast Asia has been regarded by the major World Powers as one of the most strategic and sensitive areas of the World. The significant factors such as the unexploited, immense, precious mineral and oil deposits of the area, the easy access from the Pacific to the Indian Ocean, in addition to the economic and political potential of the region, together with a series of events beginning with

---

<sup>6</sup> For further details see: Machetzki, *Intranational and Supranational Problems of Political Regionalism in Southeast Asia*, op. cit., pp. 17-26; Milton Osborne, 1997. *Southeast Asia: An Introductory History*, 7<sup>th</sup> edn., Australia, Allen & Unwin, pp. 4-5; Butwell, *Southeast Asia: A Political Introduction*, op. cit., p. 3-5.

World War II, the emergence of the People's Republic of China, and the long drawn-out conflict and eventual unification of Vietnam, have transformed Southeast Asia into a region of great importance. For instance, Japan was vitally interested in the economic potential of the region. One of Japan's greatest concerns of the region is to secure an easy access from the Pacific to the Indian Ocean. For Japan depends on transport of oil and raw materials from the Middle East, Africa, India, and Southeast Asia. Furthermore, Japan wants to strengthen its ability to dispatch finished goods to the markets of all these areas and Europe via Southeast Asian sea-lanes. It is not surprising to note that at any time around the clock a Japanese Tanker or Freighter is roaming in every hundred miles of the Indian Ocean area.<sup>7</sup>

Southeast Asia is a region very different from the other regions of the world. Its unique social, cultural, political, and economic potential and structure, together with the common problems and challenges that its different countries face, has made it worthy of systematic studies.

### **5.3 CORRUPTION IN PRE-COLONIAL SOCIETIES**

Present-day corruption in Southeast Asian societies could not be well understood and analysed in further detail unless its historical roots are adequately investigated. Such an investigation would, in other words, highlight, at least, two fundamental issues; the extent of the existence of corruption in pre-colonial times, and the persistency of present corruption in the attitudes from that time. The ongoing discussion could also be seen as an attempt to answer three questions: (1) what attitude or activities were deemed corrupt in pre-colonial times in Southeast Asia?

---

<sup>7</sup> Alois Osterwalder. Japanese Spheres of Interest in South-East Asia, in Bernhard Dahm and Werner Draguhn (eds.). 1975. *Politics, Society and Economy in the ASEAN States*, Otto Wiesbaden, Germany, Harrassowitz, pp. 243-257; SarDesai, *Southeast Asia Past and Present*, op. cit., pp. 3-5; Osborne, *Southeast Asia: An Introductory History*, op. cit., pp. 2-6.

(2) how have corrupt behavior and practice evolved? and, (3) what contributing factors abetted or deterred its existence and prevalence? Though it is necessary to address these genuine issues and questions, one has to acknowledge that an adequate discussion would require greater knowledge of Southeast Asian societies than the researcher claims. Moreover, due regard of the great diversity of these societies in terms of their ethnic, cultural, religious and political structures, also requires a great deal of space. It should also be acknowledged that it is not possible to give even a rough estimate of the date of corrupt practices in Southeast Asia. Therefore, the ongoing analysis limited to the study of corruption in pre-colonial<sup>8</sup> Southeast Asian societies taking into account situations that are said to be corruption against pre-colonial standards. The discussion will also focus on factors that are possibly obvious, but which are very important to understand the background of corruption in the region.

Southeast Asian societies cannot be simply classified under one of the six types of societies that have been formally known in sociology; i.e., hunting and gathering societies, pastoral societies, horticultural societies, agricultural societies, industrial societies, and postindustrial societies, for Southeast Asian's population characteristics, institutions, statuses, roles, groups and subsistence strategy are a mixture of one or more types of the above types particularly the first four types. However, historical references show that Southeast Asian people in their subsistence strategy rely on fishing, gathering vegetation, domesticating and herding animals, cultivating plants using various tools. Their social life is organized around the family and politically they are led by hereditary chiefs, and ruled by a monarch or a king. Their numerous communities have spread over large regions and share a common

---

<sup>8</sup> Colonial era refers to the Western colonization of the Southeast Asian countries from the 19<sup>th</sup> century until the middle of the 20<sup>th</sup> century.

economy. These social, political and economic aspects of pre-colonial societies helped some forms of corruption to evolve and grow in varying degree of graveness and prevalence from one place to another.

An investigation of some of the social and political circumstances in pre-colonial Southeast Asian societies suggests that bribery, nepotism, favoritism, cronyism, abuse and monopoly of power have evolved, or at least, found a suitable atmosphere to emerge and grow.

### **5.3.1 The Gift, Bribery and Extortion**

It was obvious that the gift is a universal institution that has existed in all societies including the Southeast Asian. Though anthropologists and sociologists acknowledge the importance of the proper practice of gift giving to enhance social relations and strengthen community's bonds, they find it most difficult to draw the line between gifts and bribes. Gift-giving behavior has been always present in Southeast Asian societies. The remuneration by gift is a common practice in traditional Southeast Asian societies. McMullan observed that in pre-colonial West African societies, money played a relatively minor part for other sorts of goods and commodities were available and the remuneration by it was also possible.<sup>9</sup> The situation in Southeast Asia was probably the same as West Africa, for gifts in the Southeast Asian context usually take the form of agricultural products such as, fruits and animals. For instance, Wertheim pointed out that "The traditional Javanese custom of presenting those in high office with small gifts- a basket of fruit, a few chickens, also made it difficult to draw any sharp dividing lines [between bribery and

---

<sup>9</sup> McMullan, *Corruption in Public Services of British Colonies and Ex-Colonies in West Africa*, op. cit., pp. 321-322.

gifts].”<sup>10</sup> The abuse of the proper practice of exchange of gifts manifests itself in behaviors guided by fear or favor, or if it is taken as advantage by individuals or groups over one-another. For example, Alatas noted that in Vietnamese history, the Mandarines took advantage of their rights to expect presents in exchange for service. However they themselves presented gifts to their superiors progressively up to the hierarchy of the King.<sup>11</sup>

A gift may become a bribe when it is given in return for a favor, any favor, or fear of somebody or something, like a policeman, judge, or politician. Alatas points out: “after World War II some new forms of corruption emerged. These included the sending of gifts or presents to officials upon their arrival or departure, and on occasions like the birth of a child and at *mahjong* parties where officials were allowed to win large sums of money by those seeking favors.”<sup>12</sup> Some circumstances of gift practice in Southeast Asia past and present may justify, to some extent, the correlation between the gift and corruption, and hence lead to the conclusion that the gift is an indirect cause of the growth of corruption in modern times. Nevertheless, bribery as a form of corruption was not totally absent in pre-colonial Southeast Asian societies. Furnivall, who is an authority on the history of Burma and Indonesia, asserted that many forms of corruption especially bribery were prevalent particularly in Burma.<sup>13</sup> Gifts that have been given for fear or favor, or bribe giving practice in traditional Southeast Asian societies were considered as a clear violation of the moral and religious teachings. For, as it is obvious, major religions in Southeast Asia;

---

<sup>10</sup> W. J. Wertheim. *Sociological Aspects of Corruption in Southeast Asia*, in Arnold J. Heidenheimer (ed.). 1978. *Political Corruption: Readings in Comparative Analysis*, 2<sup>nd</sup> edn., New Brunswick, New Jersey, Transaction Books, p. 205.

<sup>11</sup> Alatas, *Corruption and the Destiny of Asia*, op. cit., p. 29.

<sup>12</sup> Ibid., p. 27.

<sup>13</sup> J. S. Furnivall. 1956. *Colonial Policy and Practice, USA*, New York University Press, pp. 269-270.



Islam, Buddhism, Hinduism, and Christianity strongly forbid corruption and condemn the corrupt.

### 5.3.2 Nepotism, Cronyism and Favoritism

Some aspects of modern forms of nepotism, favoritism, cronyism and abuse of public interest could be observed in the attitudes and behaviors of people from pre-colonial times. Myrdal maintains that in Southeast Asian societies “stronger loyalty to less inclusive groups-family, caste, religions, or linguistic community and class, invites the special type of corruption we call nepotism and tends in general to encourage moral laxity.”<sup>14</sup> This means that these social structures command the primary loyalty of the individuals and groups, whereas, loyalty to the state or government, if it exists, is secondary. This attitude could be a contributing factor to corruption. For state institutions and property or government agencies and offices, and the public interest at large would be abused and exploited for the benefit of traditional kinship ties. This is, perhaps, because kinship ties usually create demands of goods, services, opportunities, relations and power that appear corrupt by modern standards. This is probably what has urged Mook to argue that: “the feeling of the common responsibility, is still very much underdeveloped in Southeast Asia outside the family, the village, the clan or-at the utmost- the nation.”<sup>15</sup>

Nepotism and the related behaviors are, to some extent, common practice among the rulers, monarchs and kings of pre-colonial Southeast Asian countries. Attaching sons, relatives, cronies to important positions in the different institutions such as the court, trade, tax etc., was an obvious practice. These family members and cronies,

---

<sup>14</sup> Gunnar Myrdal. *Corruption as a Hindrance to Modernization in South Asia*, in Arnold J. Heidenheimer (ed.). 1978. *Political Corruption: Readings in Comparative Analysis*, 2<sup>nd</sup> edn., New Brunswick, New Jersey, Transaction Books, p. 238.

<sup>15</sup> Mook, *The Stakes of Democracy in South-East Asia*, op. cit., p. 274.

once appointed, do not have to render account of their income or expenditure to anybody as if everything under their jurisdiction is their own property and asset.<sup>16</sup> In his investigation on Southeast Asian history, SarDesai noticed that some forms of corruption were apparent in the pre-colonial political administration. For instance the office of the Chief Council of Ministers *bendahara* in the Malacca administration became almost corrupt. Among the factors that have encouraged corruption during Tun Perak's Tenure as *bendahara* (Chief Minister) 1456-1498 A.D, is when he overlooked and tolerated the corrupt practices and extractions of the ruling elite as a price for their loyalty. During his lifetime, Tun Perak was responsible for placating the rival *bendahara* family of Tamil Muslim origin, largely through patronage and matrimony. Within two years of Tun Perak's death, Tun Mutahir of the rival family succeeded to the office of *bendahara*. Corruption grew during Tun Matahir's rule. His administration witnessed more nepotism, bribery and extortion than ever before. Such corrupt behavior and parasitical way of life of the elite were among the remarkable factors that weakened the Malacca Sultanate.<sup>17</sup>

### 5.3.3 Political Corruption

Corruption in the realm of politics finds some origin in the pre-colonial political system in Southeast Asia. In the early kingdoms and empires in mainland Southeast Asia; Burma, Cambodia, Laos, Vietnam and Thailand, as well as in the Kingdoms of Java and Sumatra in the Indonesian archipelago, together with the Sultanate of Malaya, the rulers; kings, princes, and sultan exercised 'total power'. As in Lord Acton's formula "absolute power corrupts absolutely", these absolute monarchial

<sup>16</sup> Lennox A. Mills. 1964. *Southeast Asia: Illusion and Reality in Politics and Economics*, Minneapolis, USA, University of Minnesota Press, p. 191; Wertheim, *Sociological Aspects of Corruption in Southeast Asia*, op. cit., pp. 198-199, 204.

<sup>17</sup> SarDesai, *Southeast Asia Past and Present*, op. cit., p. 62.

rulers or kings have used the political sources and goods for private gain. In some circumstances, it was that these rulers do not have something called 'public interest' in their perception. Mills illustrated this, when he says: "In Southeast Asia foreign trade was monopolized by rulers and their ministers. Some of them owned ships and exported their produce or else sold to the Arab, Indian, and Chinese merchants who visited their ports for centuries before the arrival of the Europeans."<sup>18</sup>

The Buddhist belief that "merit in the past lives determines present social position" may help to explain the patron-client relationships phenomenon, at least in Southeast Asian societies like Myanmar and Cambodia, where Buddhism is the dominant religion. This means that those in power were thought to deserve their status of absolute rule over their subjects. Corruption in this context takes the form of abuse of power, public political office, exploitation and extortion of the people. For instance, taxes in pre-colonial Southeast Asia were usually collected by the ruling group and used and spent in private ends without any sort of control or accountability. Mook and Wertheim observed that taxes and tributes were collected in kind; the local Lords who do not have to be accountable to anybody monopolized by the Prince or his noble relatives and servants, or important and valuable products.<sup>19</sup>

The widespread phenomenon of illiteracy among Southeast Asians has also afforded greater incentives as well as opportunities for corruption. The correlation between illiteracy and corruption manifested itself in various forms particularly in the early years of colonial rule. A due analysis of this issue will be provided in the discussion that follows.

---

<sup>18</sup> Mills, *Southeast Asia: Illusion and Reality in Politics and Economics*, op. cit., p. 191.

<sup>19</sup> Mook, *The Stakes of Democracy in South-East Asia*, op. cit., p. 36; Wertheim, *Sociological Aspects of Corruption in Southeast Asia*, op. cit, pp. 199, 204.

#### 5.4 CORRUPTION IN COLONIAL ERA

Non-Asian Powers have colonized all Southeast Asian nations except Thailand. The European control in Southeast Asia dates from the sixteenth century. However, it was not extended over the greater part of the region until the middle of the nineteenth century. Five Western major colonial powers have invaded the region of Southeast Asia and ruled over its people for decades: The French in Cambodia, Laos and Vietnam (Indochina), the British in Burma (Myanmar), Malaysia, Singapore and Brunei, the Dutch in Indonesia, the Americans in the Philippines, and the Portuguese in East Timor.<sup>20</sup>

These colonial powers colonized the region, basically, to secure the supply of cheap, or even free raw materials and goods such as rubber, palm oil, spices, textiles and some mines, and to exploit the mineral and oil resources for their growing industrialization. They also aimed at controlling the colonies' markets for the export of machine-made goods, and to some extent to communicate their ideologies and culture to the natives.<sup>21</sup>

The differing orientations of these colonial powers in the spheres of politics, administration, education, legislation, social policy and practice, and economic activities have been responsible for the emergence and development of some forms of corruption. Moreover, they have been responsible for erecting additional barriers between Southeast Asian people and have also increased their ethnic structure.

The various imprints of colonial powers on the practice and development of corruption are too many, which poses some difficulties in encapsulating them in the following analysis. Therefore, only the major impacts of colonial powers on the

---

<sup>20</sup> Appendix 2.

<sup>21</sup> Mills, *Southeast Asia: Illusion and Reality in Politics and Economics*, op. cit., pp. 192-193.

emergence and growth of corruption in Southeast Asia will be addressed. These impacts include the colonial power as a source of corruption, the disharmony between colonial governments and traditional societies as a source of corruption, and corrupt attitudes as consequence of the colonialism.

#### **5.4.1 Colonial Powers as Source of Corruption**

Social scientists usually pay so much attention to the study of the incongruence between the colonial policy and practice and the traditional societies and overlook or give little emphasis to the colonists. In other words, the issue of the integrity of the colonists was not questioned and given due investigation.

When colonial powers have interfered in Southeast Asia and in the other part of the world their moral and religious standards were generally very low, if they existed at all. After the weakening of the religious institutions especially the Church and the Christian teachings, the materialistic spirit, individualism, selfishness and greed have dominated the Western nations particularly their political leadership. Against this background, perhaps, the Western powers allowed themselves to colonize Southeast Asia, kill uncountable natives, exploit their natural resources, and destroy their social institutions and impose a Western lifestyle on them. The colonizers were not angels when they arrived in the region. They were corruptible and usually guided by the private interest and selfishness. The Westerners invaded the region by using different notorious means to achieve their goals. As far as corruption is concerned, the Western powers have used important means such as financial aids to influence and induce Southeast Asian rulers. Mook, who was a former Lieutenant Governor-

General of Indonesia, testifies that these aids never served the purpose of assisting Southeast Asians rather being a bribe more or less unconditionally dumped into the pockets of the region's leaders.<sup>22</sup> It seems that the Westerners, latter, they preferred to put their hands on all sources in Southeast Asia and start instead receiving 'gifts' from native rulers and peasants.

Systematic research on the historical dimensions of corruption in French and Dutch colonies in Southeast Asia support the conclusion that colonial powers brought the veil of corruption and spread it in their colonies. Comparing the French administration in Indo-China and its British counterpart in India and Ceylon, Myrdal pointed out that the French administration was never as clean as the British.<sup>23</sup> Wertheim reported that a Western high-ranking official wrote a pamphlet on the basis of his experience in Central Java and in Southern Sumatra, in the Netherlands Indies, denouncing the corruption among the Dutch officials.<sup>24</sup>

These aspects of the corrupt attitude of the colonial powers that have been highlighted above are merely illustrative, for drawing generalizations on the matter requires more investigations and due consideration of other factors. The general spiritual and intellectual factors that have urged the colonial powers to invade Southeast Asia seems to be also the most important factors that have given corruption a great potential to emerge and grow among the Westerners before and during colonial time.

---

<sup>22</sup> Mook, *The Stakes of Democracy in South-East Asia*, op. cit., p. 294.

<sup>23</sup> Myrdal, *Corruption as a Hindrance to Modernization in South Asia*, op. cit., p. 234.

<sup>24</sup> Wertheim, *Sociological Aspects of Corruption in Southeast Asia*, op. cit., p. 203.

#### 5.4.2 The Disharmony Between Colonial Governments and Southeast Asian Societies

The divergence between colonial governments and traditional Southeast Asian societies has obviously been regarded as the most important source of corruption. Colonial policy and practice in the spheres of politics, law and legislation, social welfare, and bureaucracy, have not been in harmony with the norms, customs and attitudes of Southeast Asians, especially in the early years of the colonial rule. Furthermore, the implementation and enforcement of the colonial policies have disregarded the interest of the natives. Such a climate of confrontation and disharmony paved the way for various forms of corruption to emerge and spread. To justify the above thesis one may find innumerable examples, but in view of the fact that this issue has, perhaps, received enough attention from social scientists, only important aspects of such a phenomenon will be highlighted.

Colonial laws and legislation are among the significant examples for the disharmony between the colonial governments and traditional Southeast Asian societies. The people in Southeast Asia have been governed in their daily life and relations by old customary laws as well as by some religious teachings. Therefore, colonial laws and legislation, which are made in a specific Western atmosphere and historical context to serve specific goals, will not be easily adopted and observed by the natives. Lee argues that these laws, which are modeled after those in the Western countries and are not compatible to the existing reality, usually create conditions conducive to corrupt behavior.<sup>25</sup>

If the indigenous people are legal illiterate and unaware or uncertain of the exact contents of the various colonial laws that affect them they may resort to bribing the

---

<sup>25</sup> Lee, *Incongruence Between Legal and Folk Norms*, op. cit., p. 97.

law enforcement authorities, particularly policemen and judges, to avoid any harm and confrontation with the masters and their representatives. The literate enforcement personnel may also take advantage of the illiteracy of the natives and extort money from them. McMullan highlights the exchange of wealth for power and power for wealth and considers it the typical pattern of corruption. He gave the example of the rich rubber farmer or rice miller who uses his money to compensate for lack of power and knowledge.<sup>26</sup> McMullan argues further that all laws put certain persons under a disadvantage i.e., those who do or wish to do what laws forbid. Such persons are a source of corruption in every country. Laws regulating gambling and drinking, for instance, which usually have little general support from the population, will be broken by otherwise law-abiding citizens are difficult to enforce and frequently broken.<sup>27</sup> An illustrative example could be quoted from Wertheim who maintained that during the French rule in Indo-China the indigenous people readily paid small bribes in order to escape some bothersome measures such as the slaughter of diseased cattle, building restrictions and even vaccination against contagious diseases.<sup>28</sup>

The legal illiteracy of the natives, the strong support of the customary laws and the alienation of the colonial laws are contributive factors to the substitution of the rule of law for the rule of custom. It is, probably, in this context that the disintegration between the laws and the customary social structure occurs and corruption takes root. It is worth taking note with Furnivall that: "It seems to be generally true in tropical dependencies that Western law encourages litigation, crime

---

<sup>26</sup> McMullan, *Corruption in Public Services of British Colonies and Ex-Colonies in West Africa*, op. cit., p. 324.

<sup>27</sup> Ibid.

<sup>28</sup> Wertheim, *Sociological Aspects of Corruption in Southeast Asia*, op. cit., p. 205.



and corruption.”<sup>29</sup> However, it should be noticed that this type of disharmony between the colonial government law and the popular attitude of the society still continues to exist in the post-colonial era.

Another aspect of disharmony between colonial governments and traditional Southeast Asian societies is that the colonial bureaucratic system was alien to the natives. On one hand, bureaucratic rules and regulations are modeled in Western contexts and often had objectives quite irrelevant and unrelated to Southeast Asian interest. On the other hand, the key bureaucratic personnel usually have little or even no knowledge of the indigenous social structures and languages. This situation, particularly in the early years of colonialism, urged the colonial powers to employ indigenous junior civil servants who are ‘semi-literate’ or who have had opportunities to study in Western institutions whether abroad or in the colonies. This group of indigenous junior officials, has, perhaps, taken advantage of their intermediate position between the alien senior bureaucrats and their own countrymen. To find a balance between the commandments of the alien masters and the demands and attitudes of their own people and to keep such a balance has nonetheless involved corruption notably bribery, nepotism, extortion and collusion. For instance, during the British rule in Burma, the Burmese surveyor who covered up the encroachment on government land, or infraction of the building rules, the sanitary inspector who is not too active in nosing out nuisances, the vaccinator who overlooks unvaccinated children, the veterinary assistant who does not insist on the slaughter or burial of diseased cattle are indeed inefficient because of bribery and gifts. The problem is that the indigenous people appreciate the junior officials’

---

<sup>29</sup> Furnivall, *Colonial Policy and Practice*, op. cit., p. 296.

behavior and perceive it as good, kind and cooperative rather than corruptible and inefficient.<sup>30</sup>

It was obvious that the colonial powers have employed non-indigenous workers and civil servants in the administration of their colonies. The British, for example, in Malaya and Burma have recruited civil servants and workers from India and China. Public works in Burma, for instance, were given to Indian or Chinese contractors employing Indian laborers. This situation has engendered corruption, which became rampant in those sectors under the British direction. Furnivall asserts that the notorious corruption in the Public Works Department is largely due to its divorce from Burma's life. For public works were given to Indian or Chinese contractors employing Indian labor and working on lines under the inspection of officials, who are largely alien. He concluded that corruption and waste of public money are more prevalent among those non-indigenous Indian and Chinese civil servants and workers.<sup>31</sup> This is probably true, because these foreign workers and civil servants obviously were busy with developing their fortunes and private interests and perhaps never felt that they had to contribute to the development and prosperity of the nation where they work, or even to their alien employer.

Among the factors that have contributed to the creation of a climate of corruption during colonial rule is the divergence between the literate colonial government and illiterate Southeast Asian societies. Senior government officials are literate people who can not only read and write but also have knowledge of bureaucratic rules and regulations, which are written in the colonial language. In contrast, the natives are generally illiterate, have little or no understanding of colonial language, and are

---

<sup>30</sup> Ibid., p. 176.

<sup>31</sup> Ibid., p. 177.

unaware about the functioning of the bureaucratic system. This gap between literate government and illiterate societies tends to engender corruption. McMullan argues that: "friction between the literate public servant and the illiterate population is inevitable, and is, of course, greatest at the base of the public service pyramid, where functionaries and contacts with the public are most numerous, and it is at this level that the greatest volume of corruption occurs."<sup>32</sup> In this situation, an indigenous individual, who is usually rural peasant and a farmer by profession, "approaches the alien civil servant not as a citizen seeking a service to which he is entitled but as a suppliant seeking a favor."<sup>33</sup> Hence, the peasant could easily be extorted, and is also ready to pay bribery for any service rendered to him. The civil servant would also be encouraged to take advantage of the peasant's weaknesses and make illegal income. Here again, lack of knowledge and power is compensated by money. Therefore, the exchange of power for wealth and wealth for power remains a typical active pattern of corruption. The rule of literate bureaucrats over illiterate peasants tends to create a typical climate for corruption.

#### **5.4.3 Corruption as Consequence of Colonial Rule**

The presence of colonial powers in Southeast Asian societies has inflicted remarkable imprints on the occurrence and development of corruption. Among the main political and economic legacy of colonialism on the various countries of the region was the monopoly of political and economic activities. This monopoly of power and wealth has limited the chance for the indigenous to gain experience in governance and business. This limitation of knowledge and experience seemed to

---

<sup>32</sup> McMullan, *Corruption in Public Services of British Colonies and Ex-Colonies in West Africa*, op. cit., p. 322.

<sup>33</sup> Jacoby et. al., *Bribery and Extortion in World Business*, op. cit., p. 152.

become a contributive factor to corruption, and even major causes of corruption. For this situation has engendered inefficiency, irresponsibility, and unawareness about the proper and honest means to run the political machine, to control and manage the political resources, and to operate the economy in the post-colonial era. However, Mook stated that colonial powers tried to prepare the younger Southeast Asian people, but with the Japanese occupation during World War II such preparation and also some types of trainings was discontinued, or became low in quality.<sup>34</sup> Nevertheless, this preparation was done in the latter years of colonialism. Moreover, it was conducted in an alien atmosphere under the leadership of alien masters, and aimed not at the interest of the indigenious. The words of G. K. van Hogendorp, the man who headed the liberation movement in the Netherlands in 1813 at the close of the Napoleonic occupation, quoted by Mook himself, may justify the fact. Hogendorp says: "Yes we shall one day lose the sovereignty over our colonies; but that day still distant, and when it comes it will bring us a profit equal to that of our present ownership. Our descendants, grown wise by the experience of what is happening before our eyes, will not longer make war upon those overseas territories when they are prepared for independence, but will readily grant them their liberty and so enter into relationships of friendship and commerce with them, which will fully outweigh the advantages that we now enjoy."<sup>35</sup>

Another aspect of colonial behavior that seems to be a contributive factor to corruption is the social transformations caused by the presence of colonial rule. In Southeast Asia, agriculture is the main occupation of the people and 70 to 90 per cent of the population was involved in it. Furthermore, the predominant characteristic of

---

<sup>34</sup> Mook, *The Stakes of Democracy in South-East Asia*, op. cit., p. 267.

<sup>35</sup> *Ibid.*, p. 7.

the farmers is production for subsistence and not for the market. The Colonial powers have introduced some industries and new concepts and means of production. The machines, factories and mechanical means of transportation have replaced hand labor, handicrafts and traditional way of farming and ultimately have changed the traditional structure. The production for the market took place and replaced the concept of production for subsistence. These transformations have in turn caused other social changes. The people have left their rural life, lost traditional professions, broken through the tribal divisions and loyalty, thus a new life style with new social relations and attitudes took place. The social and economic transformations tend to help some forms of corruption to emerge and grow. In the new social context, the peasant may resort to bribery or will be extorted in order to get a job, to earn a living, to live in peace, to defend himself etc. the powerless peasant may also pay to obtain the good will of the authorities or to be favored in goods and services. The traditional social and economic structures seemed to be no longer effective as food and peace provider, and as source of favors and privileges. This paved the way for the emergence and increase of corruption.

## 5.5 POST-COLONIAL CORRUPTION

The analysis of post-colonial corruption will cover, roughly, a period of half a century that has elapsed since the withdrawal of colonial powers from Southeast Asian territories.<sup>36</sup> The discussion will also include an analysis of corruption in Thailand in the last five decades of the 20<sup>th</sup> century.

To explain the presence of corruption in the post-colonial era one should take into account the roots of corruption in pre-colonial societies as well as the corruption

---

<sup>36</sup> Colonial powers did not withdraw from Southeast Asian territories at the same date. However, by the middle of the 1950's the majority of Southeast Asian states had gained their 'independence'.

legacy of the colonial rule. However, the main focus of the following analysis is the prevalence and increase in corrupt practices that is commonly assumed to have taken place roughly in the second half of the 20<sup>th</sup> century. This attempt is not meant to provide a detailed study of the phenomenon of corruption in post-colonial Southeast Asia, but rather to highlight only three forms of corruption that seem to be of greater significance than any other form. These forms include political corruption, bureaucratic corruption, and aliens' corruption.

### 5.5.1 Political Corruption

Southeast Asian nations have witnessed and suffered from various forms of political corruption in the post-colonial era. The transition from colonial status to self-government was not accompanied with disconnection from corrupt behavior that has taken place since pre-colonial times. Most of the Southeast Asian societies emerged from the colonial era much affected by corruption. Politics has become the most notorious sphere of corruption, which has increased rapidly in the successor states. Despite the establishment of different political systems in the post-colonial era, corruption has been existing and growing in various forms in almost all types of governments in Southeast Asia. Whether in the communist system like the ones in Cambodia or Vietnam, or in military rule like the ones in Burma and Indonesia, or in democratic rule like the one in Malaysia and Singapore, or in mixed military and civilian rule like the one in Thailand, corruption has been growing rapidly inflicting heavy losses and grave consequences on the people and the countries in general. Since the successor states were established striking examples of political corruption have occurred and developed in varying degrees in the countries of Southeast Asia. These examples include the abuse and monopoly of power, theft, graft and

embezzlement of government fund and resources by the political leaders, misuse of political office for private, family, cronies and party interests, vote buying, campaign financing, election fraud, bribery, extortion, nepotism, political influence, and even the use of anti-corruption bodies and laws against political opponents.

All these corrupt practices in the realm of post-colonial politics will be discussed under two headings. (1) abuse of power, which includes monopoly of power, absolute rule, political finance; vote buying, election campaign financing, and political influence; use of political office to influence legislators, judges, law enforcement agencies, anti-corruption bodies and manipulation of election to remain in power. (2) Misuse of political office and resources for private interest, which involves enrichment through illegal means such as theft, bribery, extortion, and nepotism, cronyism and favoritism.

The Southeast Asian post-colonial experience would suggest that absolute rulers and dictatorial governments and authoritarian regimes were found to be more likely to produce and indeed to protect corruption. In the second half of the 20<sup>th</sup> century Southeast Asian countries have experienced different types of political systems. However, authoritarianism and dictatorship have ruled for prolonged periods. For instance, Indonesia remained more than thirty years under Suharto's absolute rule. Dictator Ferdinand Marcos ruled the Philippines for almost two decades. Thailand did not emerge from military domination until the end of the 1970's. Therefore, the conclusion of Alatas seems convincing that "in the developing countries of Asia, the ruling groups manage to retain their power for nearly a generation if not longer. In most of these countries it takes more than twenty years to change a ruling group, if there is any change at all. Even if there is a change a succeeding group is not of

different mentality as far as corruption is concerned. The stability of corrupt regime thus helps to consolidate and intensify corruption.”<sup>37</sup>

Absolute rule and authoritarianism in Southeast Asian post-colonial history, specifically in Indonesia and The Philippines, have proven to be a precondition of power corruption as in Acton’s famous formula ‘absolute power corrupts absolutely’. During his authoritarian rule, Marcos has spoiled his nation’s wealth and committed grave abuses against human rights. After Marcos’ downfall in 1986, and his death in 1989, US\$ 590 million was seized from his Swiss bank deposits and put escrow to be divided among the victims of human rights abuse by his dictatorial regime.<sup>38</sup> Burma’s ruling elite suspended the constitution in 1988 and the laws automatically ceded to the whims of the military. What one can expect from a situation where there is no law at all is military dominance and a total absence of accountability.

The trade of power for wealth is not, indeed, restricted to the heads of governments but also to cabinet ministers, military and police chiefs, judges and the like. Alatas points out that the rigorous growth of corruption, particularly in post-World War II, is further abetted by the prolific multiplication of the corrupt human type occupying positions of power and authority.<sup>39</sup> As far as corruption is concerned, absolute rulership and monopoly of power simply mean no accountability and, if accountability is lost, corruption usually prevails.

Associated with the absolute power, absolute rulers, who pretend to be democratic, usually abuse their office of trust to remain in power. Southeast Asian nations have witnessed numerous forms of vote buying, use of government funds for election campaign, or to promote the party’s fortune and dominance, manipulation of

---

<sup>37</sup> Alatas, *Corruption and the Destiny of Asia*, op. cit., p.50.

<sup>38</sup> <http://www.atimes.com/se-asia/AC03Ae01.html>

<sup>39</sup> Alatas, *Corruption and the Destiny of Asia*, op. cit., p. 71.



ballot boxes, holding monopoly over political development sources etc. this type of political corruption has consolidated the corrupt regimes and elite. It has profoundly deprived Southeast Asians of quality leadership, good governments, and the democratization process. In the transparency International Global Corruption Report<sup>40</sup>, it has been asserted that vote buying whether at the polls or in the legislature is widespread across the region, and the changing of methods of vote buying is considered a critical problem of election as well as anti-corruption commissions. The report also noticed that politicians do not buy votes only but also the election commission members so that discrepancies go unnoticed. Moreover, the report shows that based on a survey by the Civil Service Commission in Thailand, the majority of the Thais believed that corruption is getting worse, especially among politicians. The report also pointed out that the 2001 general election in Thailand has been considered the most fraudulent ever, for new polls had to be called in 62 of the country's 400 constituencies. In the Philippines, a similar tale of problematic ballots occurred during the Senate elections in May 2001. It was also reported, based on the 1999 World Bank Report, that the presidential election is extremely costly, it can cost up to US \$8.5 million.<sup>41</sup>

Standing for presidential office in Southeast Asia is most likely to involve political corruption. The funds supplied by businessmen will be paid back in the form of cash and also in the form of contracts and business licenses and opportunities and others. The money of the taxpayer and the wealth of the nation will be used to promote political fortune and to retain power, for usually, an election campaign is

---

<sup>40</sup> This report was first published in October 2001. It presents stories and experiences of corruption, which may shed light on the scores in the Corruption Perception Index. The report is based on news reporting and academic assessments. It explores different kinds of corruption, measures being taken to fight corruption, region wide trends and the factors that explain these trends.

<sup>41</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., pp, 25-32)

more costly than the political party generates from standard subscriptions of party members.

Political influence is also one of the most obvious forms of political corruption that tends to be always practiced in concealed manners. Political offices and sources in many countries of Southeast Asia have been used to influence legislators, judges, parliament members, political opponents etc. Such influence may take the form of temptation and inducing with money. It may also take the form of intimidation with imprisonment or transfer or dismissal. It may also take the form of direct interference using power and government enforcement agencies. In this context the government becomes, as Alatas points out, "a tool of corruption and destruction of development."<sup>42</sup>

Although it is very difficult to detect and identify political influence, some examples could be provided to illustrate the fact. In Vietnam, the courts are subservient to the ruling Communist Party. Besides, scores of Cambodian judges, lawyers, and honest civil servants have been killed during the Khmer Rouge regime (1970-1979).<sup>43</sup> In 1998, the ruling People's Action Party in Singapore influenced the legislators to make a law to ban the making and showing of politically motivated video tapes and films. The Parliament, whose majority 81 are from the ruling party, passed this law.<sup>44</sup> This law is regarded as promoting the fortunes of the ruling party and depriving the opposition parties from having genuine political means to struggle and redress the imbalance between them and the ruling party. For the ruling party has already a monopoly over the most significant and efficient means of political influence and propaganda such as the television and radio, which are government

---

<sup>42</sup> Alatas, *Corruption and the Destiny of Asia*, op. cit., p. 50.

<sup>43</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 29)

<sup>44</sup> Andrea Hamilton. Questions of Censorship: A ban of political film and video sparks debate, *Asiaweek*, 27 March 1998, p. 22.

owned, and the newspapers that generally maintain pro-government editorial policies.

Among the notorious means of political influence is the use of corruption accusations, laws and anti-corruption bodies to get rid of political opponents. The TI Global Corruption Report maintains that the use of corruption accusations as a political tool has become widespread in the countries of Southeast Asia. Transparency International watchdog noticed that corruption charges are increasingly used as a means to discredit rivals, rather than as an effort to clean up politics. For example, in Cambodia, Prime Minister Hun Sen seized on a campaign against illegal logging as an opportunity to discharge military officers he regarded as threatening his power. Hun Sen was also accused of buying off members of the opposition to weaken it particularly during the period leading up to the 1997 coup. Besides, an anti-corruption campaign might be used as a sure means of attracting political support and absorbing the public anger in order for the ruling elite to retain power. The launching of a three-year self-criticism and internal reform of the Vietnamese Communist Party in power was also regarded as an opportunity to lick official boots and kick their colleagues giving a chance for conservatives to weed out reformers.<sup>45</sup>

The misuse of political office and resources for private gain has also been on the increase in the post-colonial era. The ruling group, particularly the heads of governments and their family members and cronies, has committed a large scale theft of the nations' wealth and resources. It is obvious in the political history of Southeast Asian countries that almost all post-colonial statesmen, together with their family members and cronies, have arisen from a middle class if not from poor families into very rich persons. In a few years, their lifestyles have been transformed sharply from

---

<sup>45</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 32)

an ordinary way of life to luxurious lifestyle. This lifestyle manifests itself in the building of castles, driving very expensive cars, and even having a personal airplane exclusively manufactured for them. In addition, there were widespread stories about the politicians' secret bank accounts in Switzerland and other foreign countries. The enormous wealth of corrupt Southeast Asian political leaders and their families and cronies has been sourced from various means. These means basically include thefts, graft, extortion, and bribery. For instance, Dato' Sri Dr. Mahathir highlights one of the means that has been used by corrupt political leaders for self-enrichment. He says: "various foreigners proposed to local chiefs that they be given the right to develop the natural resources in return for regular payments to the chiefs. In a short time the local chiefs had gained extraordinary riches for themselves through the cooperation of the foreigners."<sup>46</sup>

The phenomenon of enrichment among political leaders and their alliances has been brought to light and become a key political corruption issue only in recent years. The accurate size of these corrupt leaders' wealth is still a matter of controversy. However, what was discovered and seized, though it is a small portion only, if used in proper means for the public interest it might be sufficient to bring the region to the level of developed countries. Many examples could be advanced to support the above analysis, but only few illustrative ones will be cited, for more details about this fact will be provided in the case studies in the chapters that follow.

The most striking examples of misuse of political office and resources for private gain could be quoted from two key corrupt countries in the region of Southeast Asia, i.e., Indonesia and the Philippines.

---

<sup>46</sup> Mahathir, *The Challenge*, op. cit., p. 147.

Indonesia has been deeply affected by the enrichment behavior of its political leaders. The enormous wealth that Indonesia's first president, Sukarno, is said to have stashed away in Swiss and European banks in the 1960's has raised many questions and has attracted the attention of both Suharto's and Abdurrahman Wahid's regime. Sukarno's hoard is estimated to range between US\$ 135 million and US\$ 15 billion. It was said to be sourced from the so-called Revolution Fund, the ancient Javanese treasures accumulated during Sukarno's rule or recovered from the Dutch and Japanese after World War II, and from the charitable contributions made by world leaders. Suharto is said to have found no more than US\$ 1 million of Sukarno's hoard meanwhile Wahid's search was unsuccessful.<sup>47</sup>

Suharto, former president of Indonesia, who stepped down after spending nearly a third of a century in power, could be considered as a model of the corrupt leader in Southeast Asian history. Suharto had enough time to experience various methods and techniques of political corruption. He was charged with misusing US\$ 571 million in state funds but has never stood in the dock since his enforced step down in May 1998.<sup>48</sup> Estimates of Suharto's family's combined wealth and fortunes vary between US\$ 16 and 30 billion.<sup>49</sup> His family members particularly his wife, five of his six children, a son-in-law, a half brother and a cousin all have extensive business interests; in banking, cooking oil, oil and gas marketing, real estate, forest products etc. and all have benefited enormously from what appears to be privileged government contracts.<sup>50</sup> Suharto's youngest son Huttomo "Tommy" Mandala Putra alone has amassed approximately US\$ 800 million. Suharto's crony Mohammad

---

<sup>47</sup> John McBeth. Wahid and Sukarno's Gold, *Far Eastern Economic Review*, 14 December 2000, pp. 34, 36.

<sup>48</sup> <http://www.atimes.com/se-asia/DA03Ae01.html>

<sup>49</sup> Ibid.

<sup>50</sup> Girling, *Corruption, Capitalism and Democracy*, op. cit., p. 56.

“Bob” Hassan is the only one who was brought to justice for corruption charges and is now languishing in prison. Bob’s substantial influence and enrichment behavior made him a notorious example of corrupt crony.<sup>51</sup>

Besides the huge amount of money amassed by the former president of the Philippines dictator Ferdinand Marcos, that amounts US\$ 590 million, which has been seized by president Aquino’s regime, former president Joseph Estrada is estimated to have stolen US\$ 400 million during his two and half years presidency. Estrada has amassed the wealth through various means notably, bribery, illegal gambling funds, and tobacco revenues. Estrada’s trial for various corrupt charges is now on.<sup>52</sup>

The prevalence of corruption in the sphere of politics in Southeast Asian countries could be attributed to the legacy of corruption from pre-colonial as well as colonial times, the limited experience of indigenous political leaders, the low level of religious and moral standards of the ruling elite, the widespread enrichment mentality and the striving for prestige and the acquisition of power, and the weak feeling of patriotism and accountability of the political leadership.

### **5.5.2 Bureaucratic Corruption**

Post-colonial bureaucracy is one of the public spheres deeply affected by corruption. It has disastrously affected Southeast Asian nations except Singapore and Malaysia. As far as corruption is concerned, Southeast Asian bureaucracies are subject to various forms of corruption with varying degrees from one country to

---

<sup>51</sup> Dini Djatal. Tommy’s Gone, And so Is Justice, Far Eastern Economic Review, 23 November, 200, pp. 28, 32.

<sup>52</sup> <http://www.feer.com/articles/0010-19/index.html>; <http://www.feer.com/articles/0010-26/index.html>; <http://www.feer.com/articles/0011-02/index.html>; <http://www.globalcorruptionreport.org> (regional reports, op. cit., pp. 33-34)

another and from one department of the public service to another. Nepotism, bribery –speed money-, extortion red tape, and inefficiency could be found in the different departments of the public administration. Some aspects of bureaucratic corruption have been inherited from the past, retained and developed in the post-colonial era. In his discussion of the damages that corruption has caused to the administration in South Asia, Myrdal points out that “the administrative system largely retains the impediments to speed and inefficiency inherited from colonial times.”<sup>53</sup>

Basically, the bureaucracy is supposed to play a vital role in the development of the nations. But in post-colonial Southeast Asia corruption has diverted the bureaucracy from its noble functions and goals. People regarded government offices and services as major sources of privilege and prestige. Southeast Asian people have emerged from colonial rule in the status of non-agricultural orientation. Moreover, post-colonial governments became not only the major employer but they are also holding monopoly over the economic, social and administrative planning and enforcement. This monopoly together with the social transformations paved the way for the increase of corruption. What makes the situation worse is that the governments are viewed as distributors of privileges. Jacoby and colleagues realized this reality and put it on the following words: “The role of governments as distributors of privileges, such import and export permits, franchises authorizations to establish business and obtain foreign exchange, has vastly increased the corruption in business government-relations.”<sup>54</sup> It was reported that in Cambodia by the early 1960’s the rural population regarded the word government as synonymous with the word corruption. For many kind of government services money changes hands.<sup>55</sup>

---

<sup>53</sup> Myrdal, *Corruption: Its Causes and Effects*, op. cit., p. 541.

<sup>54</sup> Jacoby et. al., *Bribery and Extortion in World Business*, op. cit., p. 151.

<sup>55</sup> <http://www.bigpond.com.kh/users/csd/reports/survey-history.htm>

In such conditions people will usually be ready to spend everything either to get a government job or to obtain the good will of the government officials or authorities. Hence, bribery, gifts, favoritism, and nepotism come into the scene of the public administration from its open doors. For instance, Wertheim observed that “even as late as 1957 in several public services in Western Sumatra it could be observed that all the personnel in one particular office belonged to a single family group: that of the office chief.”<sup>56</sup> The nepotistic appointment may not only be the case of the Indonesian administration in the 1950’s but also in the latter periods and also in the other countries. Among the most significant impacts of nepotism on Southeast Asian bureaucracy is inefficiency, for bureaucrats and civil servants are not employed based on their qualifications and experience but on their close relationship to the chiefs. It seems that the traditional loyalty to kinship and village men has remained a strong source of nepotism.

Bribe giving and extortion have been on the increase in several departments of the Southeast Asian bureaucracies particularly the judiciary, police, immigration, customs, and business license departments. In the Philippines, for example, a 1999 World Bank Survey found that 57 percent of the respondents believe that judges could be bribed.<sup>57</sup> Moreover, Estrada himself during the hearings of his case on March 4, 2002 accused the anti-graft court, which is hearing all the charges of bias. He, therefore, ordered his 9 lawyers to withdraw, a week ago, for he said the judges had already prejudged his case, pointing his finger to the political influence on the legal proceedings and the court.<sup>58</sup> The reputation of the Thai courts is no better than its counterpart in the Philippines, for according to a recent survey, one third of those

---

<sup>56</sup> Wertheim, *Sociological Aspects of Corruption in Southeast Asia*, op. cit., p. 208.

<sup>57</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 28)

<sup>58</sup> *New Straits Times*, Kuala Lumpur, 5 March 2002, p. W3.



who deal with the court said they were asked for bribes while they were in the court.<sup>59</sup>

Wertheim reported a story of a Chinese trader who decided to leave Jakarta to Manado (Northern Celebes), his hometown, because, he says: "In Jakarta I have to tip five high officials to get a license, but in Manado I only have to bribe one Lieutenant."<sup>60</sup> The significance of this example is that it denotes the prevalence of bribery in the Indonesian bureaucracy. Whether in a big city like Jakarta or in a rural area or village like Manado bribery is unavoidable.

Bribery remains a very important source of extra illegal income especially for low paid civil servants in whom bribery is entrenched into their behavior. Bribery in the Southeast Asian context may take the name of 'speed money', 'kickbacks' or 'pay off'. This is perhaps to avoid the strong impact that the word bribery has. Nevertheless, what is worrying is that the interaction between the willingness of people to pay, say gifts, bribery or speed-money, and the willingness of bureaucrats to receive them or even to extort them continue to exist in Southeast Asian bureaucracies.

The abuse of bureaucratic position for private gain is also another aspect of bureaucratic corruption in post-colonial Southeast Asia. An officer who takes advantage of his position to favor his family members in goods or services or appointment is common behavior in most of Southeast Asian bureaucracies. Officers who take advantage of his position to extract money and enrich themselves are also many in Southeast Asia.

---

<sup>59</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 28)

<sup>60</sup> Wertheim, *Sociological Aspects of Corruption in Southeast Asia*, op. cit., p. 209.

Self-enrichment could be achieved through many techniques of graft and corruption. These techniques include theft, sale of public goods, services, resources and assets for private interest, profit sharing with contractors etc. it was reported that just a few years after Cambodia's independence, scandals broke out over government officials illicitly selling rationed cotton thread, fishing licenses and other things.<sup>61</sup>

In Laos and Cambodia, illegal logging as source of enrichment for military groups and some civil servants in charge of the forest departments continues to exist although the Laotian and Cambodian governments have made some efforts to shut down illegal logging operations.<sup>62</sup> In a 1995 speech, Cambodian Finance Minister admitted that the state was losing up to US\$ 100 million a year primarily because of illegal logging, rubber exportation, and fishing.<sup>63</sup>

All these forms of bureaucratic corruption that have been highlighted above are, among others, behind the delay and inefficiency of most of Southeast Asian bureaucracies. They are also contributive factors that hold the development process back and create many obstacles to economic growth. Bureaucratic corruption in Southeast Asia has deprived the public of a good and efficient bureaucracy, from sustainable revenues. For instance, in the late of the 1970's and the early 1980's, a report about Malaysia alleges that only half of the major revenue generating resources have been taxed and contributed to the national treasury, while the rest are wasted as a product of inefficiency and corruption.<sup>64</sup> Bureaucratic corruption has also deterred foreign investors and foreign countries and international institution donors. Bureaucratic corruption has, ultimately, created a climate of corruption where a general attitude of accepting corruption as a fact prevails. Much worse than this, the

---

<sup>61</sup> <http://www.bigpond.com.kh/users/csd/reports/survey-history.htm>

<sup>62</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 25)

<sup>63</sup> <http://www.bigpond.com.kh/users/csd/reports/survey-history.htm>

<sup>64</sup> Carino, Tonic or Toxic: The Effects of Graft and Corruption, op. cit., p. 181.

perception of the public towards the public services has changed. Instead of approaching the civil servants for services that are their right, they approach them as if they are asking for a personal favor. Similarly, civil servants instead of performing their duties as it is required as duty, they feel that they are doing favors to the public, which might not be done if there is no payment or no benefit whatsoever.

Corruption in the political and bureaucratic spheres in Southeast Asia has indeed, caused much trouble to Southeast Asian nations. Due to the drastic turn that corruption has taken in the post-colonial era and especially its increase and prevalence in the modern age, Transparency International found sufficient grounds to rank the majority of Southeast Asian countries in the bottom of the list of the highly corrupt countries in the world.<sup>65</sup> However, it is necessary to shed some light on the external factors that have abetted corrupt practices in Southeast Asia. Then, a brief discussion on the various efforts made by Southeast Asians in checking corruption would, at least, feed the optimistic view that corruption is also under increased control.

### 5.5.3 Alien's Corruption

Alien's corruption refers to the corruption initiated or developed by the intervention and influence of foreigners either directly or indirectly in post-colonial Southeast Asia.

Corruption wrought by the hands of foreigners is an issue that has been overlooked or not seriously addressed. The ongoing analysis is basically meant to break the silence about this issue and to bring it to light. In the post-colonial era, foreign business powers have shown great interest in the region of Southeast Asia.

---

<sup>65</sup> Appendix 3.

These business powers, particularly the Westerners, have been in continuous competition for the control of Southeast Asian markets or direct investments in industrial spheres or to enter into joint venture investments with indigenous firms or even with the governments in Southeast Asia. For instance, Mills points out that the business operations in Southeast Asian countries are very largely controlled by Westerners and Chinese and to a minor extent Indians. European or Americans own import and export firms, banks, insurance, shipping, mining, and oil companies and most of the factories.<sup>66</sup>

Foreign business powers, the Westerners and the Japanese in particular, most often bribed their way to business and agreements in Southeast Asia. Mook testifies that: "there is a common notion that the relation with an oriental nation cannot be cordial or profitable without a certain distribution of bribes among the persons in authority who have the power to obstruct or open the way to business and agreements."<sup>67</sup> However, these alien business powers, which are involved in or initiators of these types of corrupt dealings never touch on the issue of bribery publicly. But, from time to time, some researchers, or bureaucrats, or journalists, or even honest indigenous political leaders disclose some aspects of the fact. Myrdal is among the few researchers who tried to investigate some aspects of this corrupt dealing. He, then, testifies that in a private conversation with him the Western business representatives are frank enough to admit that it is necessary to bribe high officials and politicians in order to get a business deal through and to bribe officials both high and low in order to run their business without too many obstacles. However, he argues that among the Western nations, French, American and

---

<sup>66</sup> Mills, *Southeast Asia: Illusion and Reality in Politics and Economics*, op. cit., pp. 189-190.

<sup>67</sup> Mook, *The Stakes of Democracy in South-East Asia*, op. cit., p. 273.

especially Western German companies are usually said to have the least inhibition about bribing their way through. Japanese firms are said to be even more willing to pay up.<sup>68</sup> Dato' Sri Dr. Mahathir as a prominent political leader in Southeast Asia has also disclosed the corruption initiated by the foreigners and has clarified its grave consequences on society. Dato' Sri Dr. Mahathir's testimony that "local chiefs had gained extraordinary riches for themselves through the cooperation of the foreigners"<sup>69</sup> helps the attempt to establish the facts about the bribing practices initiated and supported by aliens. In some cases these bribes constitute a considerable part of the foreign business total cost in Southeast Asia. This was probably one of the most significant causes that have deterred foreign investors as well as foreign donors as it was highlighted in the previous chapter. Moreover, bribe practice in international business has raised many problems. On one hand, the Western firms convinced their governments to consider bribes paid for the smooth running of their international business as a cost included in the total cost of their business, thus, it should be deducted from the annual tax. On the other, the OECD protested and struggled to convince the developed countries to forbid bribery in international business. The OECD's efforts were successful for almost one third of its 27 member governments including the USA, Britain, Canada and Japan, have signed a convention prohibiting tax deduction for foreign bribes. The problem, however, remained unsolved since bribe giving is entrenched in this sphere of business and the international companies have different views with regard to this problem. Moreover, local chiefs or bureaucrats may also impose the system of trading power for wealth on the foreigners.

---

<sup>68</sup> Myrdal, *Corruption: Its Causes and Effects*, op. cit., p. 236.

<sup>69</sup> Mahathir, *The Challenge*, op. cit., p. 147.

Foreign governments may also promote corruption in Southeast Asian countries. A striking example is the support of the American government to corruption in mainland Southeast Asian countries. Butwell, testifies that: "together with Thailand, the three formerly French ruled Indo-Chinese countries [Vietnam, Laos, Cambodia] have often been perceived as being ruled by right-wing leaders who enrich themselves at the expense of their country men and remain in power as a result of American support."<sup>70</sup> Another example is that of the corruption initiated or supported by a neighboring country in Southeast Asia. It has been reported that at the Thai visa office in the Laotian capital, officials require three working days to process a visa application. Meanwhile, Thai visa offices elsewhere, in Tokyo for example, grant the visa in one day. This delay has involved corruption, for it was obvious that any corruptible Laotian staying in nearby restaurant or cafeteria can obtain the visa for his customer in one day if a bribe generally ranging between 700 and 1,600 baht (approximately US\$ 20-40) is paid. This means the Thai visa officers, if they are paid bribery, can speed up the process of visa, or even break Thai Laws and regulations. Hence, the Thai officials initiate corruption and encourage the Laotians to practice it. Associated with this problem, in many instances the corruptible Laotian, who asks for bribery to speed up the process of the visa for a foreigner or even his countryman, runs away with the passport and sells it.<sup>71</sup>

In a sociological analysis it does seem necessary to provide a view about the techniques and mechanism of bribe practice in the alien corruption context. The analysis of Myrdal, though it was made in the early years of the second half of the 20<sup>th</sup> century seems still valid and worthy to be mentioned in this concern as Myrdal

---

<sup>70</sup> Butwell, *Southeast Asia: A Political Introduction*, op. cit., p. 21.

<sup>71</sup> <http://www.atimes.com/se-asia/BB29Ae02.html>

himself has put it. He says: "Bribes are seldom given directly; usually they go to middlemen whether an indigenous businessman, or an official at a lower level. In particular a Western firm, often finds it convenient and less objectionable to give a negotiated lump sum to a more or less professional briber, an "agent" who then undertakes to pay off all those whose cooperation is necessary for the smooth conduct of production and business."<sup>72</sup>

Butwell's conclusion seems, to some extent, convincing and true that "outsiders were mainly responsible for the principle problems that plagued the "new states" of Southeast Asia in the period after the end of World War II and their liberation from European colonial control."<sup>73</sup> Corruption is, of course, one of the most critical problems in post-colonial Southeast Asia.

## **5.6 THE STRUGGLE AGAINST CORRUPTION**

Southeast Asian efforts to check corruption and establish integrity and transparency have been fluctuating since pre-colonial times. However, in the last five years the Southeast Asian anti-corruption struggle has been intensified and strengthened. Throughout the different periods of modern history, Southeast Asian countries' experience in checking corruption have suffered from many problems and have weaknesses, but has achieved remarkable results compared to other Asian countries like Pakistan and India, or African countries like Nigeria and Uganda. To justify the fact, the following discussion will emphasize the political, legal and bureaucratic, organizational and institutional, and public struggle against corruption, taking into account the achievements and the problems.

---

<sup>72</sup> Myrdal, *Corruption: Its Causes and Effects*, op. cit., p. 236.

<sup>73</sup> Butwell, *Southeast Asia: A Political Introduction*, op. cit. p. 3.

### 5.6.1 The Political Struggle

An investigation on the commitment of the political leadership and governments to the struggle against corruption would suggest that such a commitment has been noticed since pre-colonial time. However, this struggle and commitment have been fluctuating in their scope and efficiency. In the pre-colonial era it has been observed that some Kings and Sultans have stood firm for transparency and integrity and have taken strong action against the corrupt culprits. A striking example is found in the Sultanate of Malacca during the rule of Tun Mutahir, who succeeded Tun Perak as Chief Minister. Tun Mutahir's corrupt attitude and regime led him to plan to assume absolute power by capturing the Throne. However, his corrupt practices and plan was disclosed and the Sultan ordered his arrest and he was beheaded along with most of the male members of his family.<sup>74</sup>

Cambodian Prime Minister, Samdech Hun Sen, started his career with a strong commitment to the checking of corruption and enhancing reforms. His famous statement "reforms are a life and death issue for Cambodia" has been translated into practice. Reforms in Cambodia have covered various domains notably the public sector. Reforms of the public finance, administration; both civil and military services, legal and judicial are among the most remarkable examples.<sup>75</sup> In his crackdown on judicial corruption, Hun Sen ordered the re-arrest of 66 persons previously released by the courts, for their release was felt to be due to court corruption. In addition, he directed the Ministry of Justice and Ministry of Interior to set up task forces to investigate the early release of criminals and withdrawal of charges by the courts. As a result, both the Chief Judge and the Chief Prosecutor of

---

<sup>74</sup> SarDesai, *Southeast Asia Past and Present*, op. cit., p. 62.

<sup>75</sup> <http://www.adb.org/documents/Books/Cambodia-Enhancing-Governance/default.asp>



the Phnom Penh Municipal Court have been suspended pending the completion of the Ministry of Justice investigation.<sup>76</sup> About the same time, towards the end of 1997, while addressing around 2000 customs officials, Hun Sen warned the officials that they risked losing their jobs if they continued cheating the country out of badly needed tax revenues, which cost the country millions of dollars each year.<sup>77</sup>

The commitment of Singaporean political leaders notably the former Prime Minister Lee Kwan Yew and his government to the fight against corruption could be considered as a model not only in Southeast Asia but in the World too. Corruption was said to be widespread in Singapore during colonial rule and in the early stages of the post-colonial era.<sup>78</sup> The police force departments together with the customs offices were the most notorious spheres in which corruption nests.<sup>79</sup> However, due to the strong commitment of the political leaders and the government in terms of legislating and enforcing anti-corruption laws and measures, especially the Prevention of Corruption Ordinance Act (PCOA), and the establishment of anti-corruption bodies, namely the Corrupt Practices Investigation Bureau (CPIB) and the current Anti-Corruption Commission (ACC), associated with the government policy of good payment of bureaucrats in the public sector and the well institutionalized communication between the government and the citizens, and also due to other historical and social and economic factors<sup>80</sup>, Singapore is viewed now as a high clean country that is ranked first in the region of Southeast Asia and is always among the 9 high clean countries of the World.<sup>81</sup> However, some recent political, economic, and

---

<sup>76</sup> *ibid.*

<sup>77</sup> <http://www.bigpond.com.kh/users/csd/reports/survey-history.htm>

<sup>78</sup> Alatas, *Corruption and the Destiny of Asia*, *op. cit.*, p. 79.

<sup>79</sup> <http://www.globalcorruptionreport.org> (regional reports, *op. cit.*, p. 27)

<sup>80</sup> Rafique Rahman, *Legal and Administrative Measures Against Bureaucratic Corruption in Asia*, *op. cit.*, pp. 147, 151-152.

<sup>81</sup> Appendix 3.

legislation circumstances, such as the attachment of the ACC to the Prime Minister's office, the legislation that bans the making and use of political video and films, and some stories that have broken about with regard to the nepotism and favoritism and monopoly of business by the current ruling elite and their family members create some worry about the future of transparency and integrity in Singapore. This situation may also call for a more systematic investigation about the present corruption situation in Singapore.

The Democratic Action Party (DAP) is among the Malaysian political parties that have been struggling for transparency and good governance. Lim Kit Siang, the National Chairman of DAP, has long been representing the people inside and outside the Parliament, voicing their hopes and wishes for social justice and good government. In his statements, speeches, and articles as well as in the party's bulletin, Lim Kit Siang comments on various issues at the local and international politics. He pays special attention to the issue of corruption, and makes strong statements against corrupt practices in general and corrupt affairs in high political places in particular. He, even, criticized the Anti-corruption Agency Malaysia for the lack of prosecution and investigation in corrupt cases that are committed by high-ranking politicians and government officials.<sup>82</sup>

Among the problems of political struggle is the ability of the political leaders and the government to maintain the struggle against corruption alive. There are many examples that could be cited in this concern. In November 1999, the then Vietnam's Deputy Prime Minister, Ngo Xuan Loc, was dismissed from his office on corruption charges. But, Six months later he was appointed in a key government post.<sup>83</sup>

---

<sup>82</sup> For further information see: DAP website: <http://dap.Malaysia.org>; Lim Kit Siang homepage: <http://www.geocities.com/CapitolHill/3939>

<sup>83</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 25)

In the Philippines, Estrada's successor, Gloria Macapagal Arroyo, named Luis Singson as her 'Gambling Consultant'. Luis was the Philippines Provincial Governor in Estrada's regime. He is one of the most notorious cronies of Estrada, a self-confessed corrupter, who was involved in Estrada's corruption scandals. President Arroyo has also laid out the red carpet for many other corrupt figures from among the former president's allies.<sup>84</sup> The public was disappointed because the corrupt persons particularly politicians and businessmen, in Estrada's regime were supposed to end up in prison rather than being promoted and given more power and opportunities for corruption.

Besides the problems of reluctance of political leadership and governments in fighting corruption in some Southeast Asian countries, as well as the political use of anti-corruption bodies and laws to harass or discredit or get rid of political opponents and to absorb public anger, which have been highlighted in the previous subtopic entitled 'Political Corruption' in the post-colonial era, the problem of political finance remains a serious issue. While some political leaders and governments show a strong commitment to attack the corruptible in the political and the bureaucratic spheres, they did show fragile or even no commitment at all to eradicate money politics. The Transparency International Global Corruption Report maintains that: "money politics remains a reality for years to come."<sup>85</sup>

Although the political anti-corruption struggle looks like fluctuating in between the vigorous and fragile levels, it may assume remarkable prosperity and achieve good results since the public, NGO and media pressure, are, perhaps, on the rise in Southeast Asia.

---

<sup>84</sup> Ibid.; Mark Mitchell. Revenge of the Estrada Cronies, Far Eastern Economic Review, 1<sup>st</sup> March 2001, p. 26.

<sup>85</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 33)

### 5.6.2 The Legal and Bureaucratic Struggle

The legal and bureaucratic struggle against corruption denotes the anti-corruption Acts and laws, and the administrative measures that have been set up to check corruption. Anti-corruption laws and measures depend so much on the will of the political leadership and the commitment of the government to the fight against corruption. For in Southeast Asia drafting, passing to the parliament, and enforcing the laws and regulations have always been either initiated or supported by the political leaders and the government. This has created some problems, among which the double standards in the anti-corruption law enforcement, for mostly laws are enforced over the poor and the powerless, whereas the powerful and influential persons are protected. Another problem created by government control and the political influence on the anti-corruption laws, is the absence of strong anti-corruption legislation regulating the political behavior, i.e., election campaigns, campaign financing, and monopoly of political resources.

Most countries in Southeast Asia have adequate anti-corruption laws and administration measures. But the scope and the potential of implementation of such anti-corruption laws and measures differ greatly from country to another. However, the Singaporean and Malaysian anti-corruption legislations perhaps, stand as the best in the region. The following discussion will briefly highlight the anti-corruption laws and bureaucratic regulations in Malaysia and Singapore.

Malaysia's legal struggle against corruption goes through five legal measures; the Penal Code (PC), the Prevention Of Corruption Act 1961 (POCA) as amended in 1971, the Emergency (Essential Powers) Ordinance of 1970, the Public Officers (Conduct and Discipline) Regulations 1969, and the Anti-Corruption Act 1997 (ACA). The Penal Code provisions relating to corruption have been enshrined under

sections 161-165. Under these provisions, a public servant who takes a gratification other than the legal remuneration, in respect of an official act is liable to be punished with imprisonment for a term, which may extend to three years, with a fine or with both. The Prevention Of Corruption Act 1961, as amended in 1970, provides effective legal sanctions against negative bureaucratic behaviors. Sections 4, 6-9 of the AOCA directly deal with the identification and punishment of corrupt bureaucratic behavior especially the acceptance and offering of bribery. The Emergency (Essential Powers) Ordinance, No. 22, 1970, is a retroactive ordinance, which was enacted to prevent corrupt practices among members of federal bureaucracies and state legislative bodies. The Public Officers (Conduct and Discipline) Regulations 1969 contain administrative measures to prevent bureaucratic corruption and punish civil servants with disciplinary measures. It is vested with various disciplinary authorities.<sup>86</sup> The Anti-Corruption Act 1997 was passed by the Parliament in July 1997 and enforced on 8 January 1998. This new Act is an amalgamation of three anti-corruption laws previously enforced, namely, the Prevention Of Corruption Act 1961, the Anti Corruption Agency Act 1982, and the Emergency (Essential Powers) Ordinance No. 22 of 1970.<sup>87</sup> This Act provides the Anti-Corruption Agency with more investigative powers, for any person who fails to comply with any order given by an ACA officer conducting an investigation is guilty of an offence and if convicted shall be liable to a fine not exceeding RM 10,000 or imprisonment for a term not exceeding two years or both. The minimum sentence for corruption is a mandatory 14-day imprisonment and a RM 10,000 fine or 5 times the amount/value of the bribery, whichever is the higher. Among the significant

<sup>86</sup> Rafique Rahman, *Legal and Administrative Measures Against Bureaucratic Corruption in Asia*, op. cit., pp. 136-139.

<sup>87</sup> Anti-Corruption Agency, Malaysia. Annual Report 1998, p. 39.

provisions of the ACA 1997 is that the suspects are required to satisfy the Public Prosecutor on the legitimacy of their excessive property, otherwise he would be presumed to have obtained the said property corruptly and such property is therefore liable to forfeiture. The act also gives protection to the informer who gives information to the Anti-Corruption Agency officers, and his identity cannot be disclosed in any court.<sup>88</sup>

In Malaysia, basically, there are two anti-corruption bodies responsible for handling corruption allegations and abuse of power and the implementation of the anti-corruption laws in general. They are the Anti-Corruption Agency (ACA), which was officially established on 1<sup>st</sup> October 1967, and the Public Complaints Bureau (PCB), which was set up in 1971. Both the ACA and the PCB are under the Prime Minister's Office, but only the Director General of the ACA is appointed by Sri Paduka Baginda Yang Di Pertuan Agong (the King) on the advice of the Prime Minister.

In Singapore, the legal and bureaucratic struggle against corruption goes back to the colonial era. It was reported that the British rulers in Singapore paid much attention to bureaucratic corruption so they relied heavily on legal and administrative measures to control it. In post-colonial times, there were major administrative reforms specifying the duties and responsibilities of various officers and reducing the level of discretion as well as instituting power vigilance over whatever discretion was left with public officers. However, these efforts have been fluctuating between efficiency and inefficiency, success and failure depending on some factors such as the degree of commitment of the rulers, the clarity and severity of the measures and the public acceptance of the process of eliminating corruption.

---

<sup>88</sup> <http://www.jaring.my/bpr/English/act2.htm>

Since its set up in 1952 the Corrupt Practices Investigation Bureau (CPIB) has been carrying out the responsibility of eradicating corruption under the different provisions of the Prevention Of Corruption Act (POCA). Since 1970 the CPIB has been operating under the wing of the Prime Minister's Office. Besides, the POCA and the CPIB, Singapore has non-specific government agencies and regulations that regulate the official behavior of the bureaucrats. These agencies include, the Public Service Commission, the Budget Division of the Ministry of Finance, the Audit Department, and the Central Complaints Bureau. The regulations are: the Public Service Regulations 1970, and the Public Service Rule 1970.<sup>89</sup>

The POCA gives the CPIB power to investigate in public and private sectors as well. It pays particular attention to law enforcement officers, who by the nature of their jobs are more susceptible to corruption. In the private sector the Act also pays special attention to the business practices for corruption in this sector usually involves the payment or acceptance of illegal commission and kickbacks, which in some cases, can be quite substantial. The sections 36 (1-3) of the POCA give strong protection to the informers. An informer who intentionally gives misleading and false information, if convicted, can be fined up to S\$ 10,000 or jailed up to one year, or both, under section 28 of the said act. The Act contains very important preventive measures such as declaration of assets and investments for every public officer when he is first appointed and subsequently, annually. Public officers are also not permitted to receive any present in money or in kind from people having official dealings with them. The person who offers, accepts or obtains a bribe by or for

---

<sup>89</sup> Rafique Rahman, *Legal and Administrative Measures Against Bureaucratic Corruption in Asia*, op. cit., p. 147.

himself, or by or on behalf of another person can be fined up to S\$ 100,000 or sentenced up to five years imprisonment or both.<sup>90</sup>

The effective anti-corruption legislation, the high wages of civil servants, the will of the political leadership, the government commitment and the independent judiciary system are the most important factors that make Singapore one of the high clean countries in the world.

### 5.6.3 The Organizational and Public Struggle

The anti-corruption bodies, the international and regional organizations, the media and the public have left remarkable imprints on the checking of corruption in Southeast Asia. Although the anti-corruption bodies have not been totally independent from the executive, they have meaningfully contributed to the struggle against corruption. The anti-corruption bodies were probably behind all cases of corruption that have been brought to the courts. For instance, the National Bureau of Investigation (NBI) in Malaysia has arrested 2,057 persons in 1969-1977. The members of the public represent 61.5% of the arrestees, whilst 38.5% are from the civil servants. During these years, the NBI only investigated 43.8% of the total allegations received about corruption from the public. Meanwhile, the Public Complaints Bureau (PCB), which was set up in 1971 within the Prime Minister's Department, received 5610 complaints in 1971 and 2564 in 1975. The main effect of this bureau is that it has been able to establish a channel of communications between the government and the public with regard to the abuse of power and corrupt practices of politicians and civil servants in particular.<sup>91</sup>

---

<sup>90</sup> <http://www.gov.sg/cpib>

<sup>91</sup> Rafique Rahman, *Legal and Administrative Measures Against Bureaucratic Corruption in Asia*, op. cit., pp. 139-142.



The Anti-corruption Agency (ACA) in Malaysia has approximately 800 staff members and 14 state branches. The ACA has arrested more than 5,000 people for corruption in the last two decades.<sup>92</sup> It arrested 334 persons in 1997, 102 among them were convicted. In 1998 it investigated 1,117 cases and arrested 300 persons and only 114 were convicted. Among the prominent people arrested in 1998 were: one State Government Exco Member, three District Council Members, and one Department Director in the public sector.<sup>93</sup> The most recent action in the struggle against corruption in Malaysia, is the action taken by the ACA in the prosecution of three immigration officers who were charged with accepting RM 3,500 bribe from a man as an inducement for not taking action against a foreign worker working without a valid working permit.<sup>94</sup> In addition, the Malaysian Police Disciplinary board has sacked five policemen; two each from Kuala Lumpur and Perak and one from Penang, who held the rank of Inspector or Chief-inspector and had been working in the police force for between five and twenty years. They were sacked for committing various offences including bribery.<sup>95</sup>

In Thailand, the National Counter Corruption Commission (NCCC) has submitted a 1,315-page report with 98 witnesses' statements and included 22 testimonies of corrupt allegations pointing to possible links by corrupt health officials with senior public figures in the Health Ministry scandal that broke in 1998, which eventually forced the resignation of the Health Minister, Rakkiat Sukthana. The scandal is about a government fund totaling US\$ 37.8 million from the Health Ministry budget intended to assist the poor and reduce debts at provincial hospitals

---

<sup>92</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 27)

<sup>93</sup> Anti-corruption Agency, Malaysia. Annual Report 1998, op. cit., pp. 39, 45, 59.

<sup>94</sup> New Straits Times, Kuala Lumpur, 7 February 2002, p. 8.

<sup>95</sup> Ibid., 22 February 2002, p. 12.

which was directed to drugs and supplies from specified firms at up to three times the normal rate.<sup>96</sup>

Among the critical problems of anti-corruption bodies is the low level of convictions, the bias of the judiciary system, government influence and lack of resources and trainings. For example in the Philippines, the Ombudsman has filed cases against dozens of high-ranking officials, but only 2 percent result in conviction.<sup>97</sup> In Vietnam, 79 out of 14,200 cases of smuggling, and trading in illegal goods and tax avoidance reported in 1999 were brought before the courts.<sup>98</sup>

The international organizations notably the World Bank (WB) and the International Monetary Fund (IMF) and the United Nations Development Program (UNDP), as well as the regional organizations, namely, the Asian Development Bank have contributed remarkably to the struggle against corruption in Southeast Asia. These institutions will usually assist any country, which requests assistance from them. The assistance could be funds to finance an anti-corruption strategy or program, or to reform one or more sectors of the public administration. It could also be to set up anti-corruption bodies, or to support the budget to improve good governance. The assistance may also be technical such as training for civil servants, planning, advice etc. However, it is obvious that almost all assistance is given with conditions, whereby the country has to comply with the terms and conditions of the assistance.

Cambodia's government structure and administration reform between 1993 and 1997 was supported by substantial aid funds primarily from the UNDP and the

---

<sup>96</sup> <http://www.atimes.com/se-asia/AG17Ae01.html>

<sup>97</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 27)

<sup>98</sup> Ibid.

European Union (EU).<sup>99</sup> Besides, the ADB has taken a number of steps including providing technical assistance in areas of legislation on auditing, tax reform, custom regulation, and banking supervision.<sup>100</sup> Furthermore, in 1996 about 40 percent or US\$ 400 to 500 million of Cambodia's national budget was financed by external aid particularly from the WB and the IMF.<sup>101</sup> However, due to the prevalence of corruption in 1997 both the IMF and the WB declined to renew their budgetary support, which had amounted roughly to US\$ 85 million, to the national budget. Moreover, in the same year corruption in the timber industry urged the IMF to cancel US\$ 60 million in loans to Cambodia.<sup>102</sup>

In Vietnam, after meaningful steps had been taken towards reform, the IMF agreed to grant a new US\$ 368 million loan designed to speed up reforms in state banks and firms.<sup>103</sup>

In 1999, the ADB agreed to provide technical assistance worth US\$ 1 million to the Indonesian government to eradicate corruption in fiscal 2000/2001, and improve public awareness of the need to root out corruption.<sup>104</sup> The WB and the IMF have set up a 2-year program to help Indonesia to establish an independent anti-corruption agency. A special anti-graft team will work for two years (2000-2002), after which the agency will become independent on the basis of the anti-corruption law. The two world organizations will help with the teams needs for developing the program and draw up a plan to enable it to function effectively.<sup>105</sup> However, the WB stated that 30 percent of the Bank loans to Indonesia was embezzled.<sup>106</sup> In fact, the National

---

<sup>99</sup> <http://www.adb.org/documents/Books/Cambodia-Enhancing-Governance/default.asp>

<sup>100</sup> Ibid.

<sup>101</sup> <http://www.bigpond.com.kh/users/csd/reports/survey-history.htm>

<sup>102</sup> Ibid.

<sup>103</sup> <http://www.feer.com/articles/2001/0005-03/index.html>

<sup>104</sup> <http://www.atimes.com/bizasia/AK30Aa01.html>

<sup>105</sup> <http://www.atimes.com/se-asia/BB02Ae01.html>

<sup>106</sup> Ibid.

Planning Agency admitted in 1999 that 20 percent of aid money routinely disappeared into officials' pockets.<sup>107</sup>

The efforts of these organizations have not been fully successful for sometimes the conditions imposed are not in conformity with the social, political, and economic systems applied in the specific country. A large portion of aid funds and loans, if not all, in many countries were diverted from their proper purpose and project to private gain or to other projects such as financing electoral campaign. Other factors such as coups, internal conflicts, changes of governments in some countries of the region have also created some trouble for the smooth running of anti-corruption projects and reforms in general.

The media has played a significant role in the struggle against corruption, particularly in recent years. Despite the restrictions on press freedom, as well as the continuous political influence and control on the media, some newspapers and journalists have made a great effort to disclose corrupt practices and raise public awareness and vigilance about corruption and the need to check it. In the Philippines, for example, the impeachment trial of former president Joseph Estrada was covered live on television and radio, and for the first time demonstrators were able to text-message one another to mobilize for rallies, spread the news and raise awareness about corruption.<sup>108</sup>

In Vietnam during the tenure of Nong Duc Manh, who was the ruling party Chief and the Chairman of the National Assembly, ordinary Vietnamese could switch on the TV and watch legislators pose hard questions to the nation's ministers, and even send in their own questions by phone, letter or e-mail.<sup>109</sup> Hoang Dug Nghi,

---

<sup>107</sup> Dini Djalal. Inspiring the Poor to Protest, *Far Eastern Economic Review*, 3 May 2001, pp. 24, 26.

<sup>108</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., pp. 34-35)

<sup>109</sup> <http://www.feer.com/articles/2001/0005-03/index.html>

the Chairman of the famous Vietnamese company 'Cemma', was called before the legislature on November 30, 2000 for a hearing on tales of bribes and fraudulent invoices worth billions of dong. The hearings were televised.<sup>110</sup> This, indeed, has added a new level of transparency to Vietnamese political life since the launch of the anti-corruption campaign in 1998. The televised sessions have forced the ministers to take more responsibility in state management. In addition to the TV efforts, the local newspapers have also participated in the struggle against corruption by uncovering irregularities, embezzlement, and mismanagement. In late 1998 the press became more aggressive in reporting corrupt practices, most notably the Dai Doan Ket newspaper.<sup>111</sup>

The most remarkable attack of a newspaper on corruption in Thailand was the attack made by the business newspaper 'Prachachart'. Prasong Lertratanawisute, Prachachart editor, was the first to reveal that the Thai Rak Thai (Thai Loves Thai) party leader Thaksin Shinawatra, the then deputy premier and the current Prime Minister, had made his domestic servants, drivers, and security guards proxy shareholders in his business empire. In December 2000, the National Counter Corruption Commission (NCCC) indicted Thaksin for deliberately concealing his assets while serving as deputy prime minister in 1997 by transferring shares worth billions of baht to his domestic servants opening the door to tax evasion and stock manipulation.<sup>112</sup> However, the Court of Thailand decided he is not guilty.

In Indonesia, journalists paid with their lives in the way of their struggle against corruption. Muhammad Syafuddin was beaten to death with an iron bar

---

<sup>110</sup> <http://www.feer.com/articles/2001/0001-25/index.html>

<sup>111</sup> Ibid.

<sup>112</sup> Supapohn Kanwerayotin. Whistle-Blower, *Far Eastern Economic Review*, 1 March 2001, p. 30; Shawn W. Crispin. Thaksin on the Defensive, *Far Eastern Economic Review*, 26 April 2001, pp. 19, 22; <http://www.feer.com/articles/2001/0011-16/index.html>

outside his house in Jogjakarta on 13 August 1996. The 33-year old journalist had published an article in *Bernas* newspaper claiming that local officials had siphoned off aid meant for the Indonesian poor.<sup>113</sup> About a year later, reporter Muhammad Sayuti Bochari was found laying unconscious on a road outside of Ujung Pandang in South Sulawesi. He later died in hospital. Two days earlier Muhammad Sayuti published an article in *Pos Makasar* charging local government workers with embezzling funds meant for impoverished villages.<sup>114</sup> Naimullah, 42 years old, a reporter for *Sinar Pagi* was found dead in the back seat of his car in West Kalimantan in July 1997. Naimullah exposed a timber-smuggling racket in the province of West Kalimantan.<sup>115</sup>

Besides the problem of limited press freedom, journalists themselves may not be able to contribute effectively to the struggle against corruption because of a lack of knowledge of legislations that regulate political and bureaucratic behavior, and a lack of knowledge of electoral, taxation, custom, immigration laws. They may not also have adequate skills and training to enable them to delve into political and bureaucratic behavior to detect corruption. Therefore, the nature of the struggle against corruption requires the development of knowledge and skills.

The public patience, particularly in recent years and in some Southeast Asian countries has, perhaps, been exhausted. The public exasperation with corruption manifests itself in mass protests and street demonstrations demanding that the corrupt politicians step down. In 1998, the people of Indonesia succeeded forcing the resignation of the long serving president Suharto on 21 May 1998. Less than three

---

<sup>113</sup> Peter Morgan & Keith Loveard. 'Three Journalists' Deaths are Making News, *Asiaweek*, 22 August 1997, p. 17.

<sup>114</sup> *Ibid.*

<sup>115</sup> *Ibid.*

years later people were protesting against former president Abdurrahman Wahid demanding his resignation, seeking greater accountability in their leaders in general. The young people, especially students, usually are the vanguards of the struggle, which also represent the great majority of the protesters. The daily street demonstrations and rallies usually start before the step down of the corrupt president and may last even after that. For example, Indonesians kept on protesting for weeks in May 1998 to topple Suharto, and after his fall, they felt that there was slow progress in bringing him to justice they continued their demonstrations in which Suharto's residence and the Attorney General's office became the target of the daily demonstrators.<sup>116</sup>

In the Philippines, the Filipinos were involved in street action and demonstrations to remove former dictator Ferdinand Marcos in 1986, and also Joseph Estrada in 2001 from their presidential office. It has been reported that the civilians revolted against Marcos and the military supported them, ultimately this civilian-backed military revolt forced the dictator to fall from power in 1986.<sup>117</sup> By the end of 2000, Estrada's scandals broke out and in early January 2001 the people started demonstrating in Manila demanding the resignation of Estrada. The direct citizen action against Estrada showed the limit of public patience. Estrada was, then, not able to resist even for a week. The struggle started on 16 January 2001 on 20 January Estrada no longer had the support of the people, neither of the armed forces nor from the Congress.<sup>118</sup> The Filipinos' struggle against Estrada was basically fueled and led by 'People Power' the communist movement that, indeed, succeeded

---

<sup>116</sup> <http://www.atimes.com/se-asia/BF14Ae01.html>; <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 33)

<sup>117</sup> <http://www.atimes.com/se-asia/AC03Ae01.html>

<sup>118</sup> <http://www.globalcorruptionreport.org> (regional reports, op. cit., p. 34)

getting support from the poor majority to force Estrada out of office and demanded all political leaders in Estrada's regime to quit. On January 20 a mass of 75,000 people marched from EDSA Shrine, a historical place from which the Filipinos used to start their struggle against the government, to the Malacanang Presidential Palace, where Estrada was holed up.<sup>119</sup>

In Vietnam the people took a unique action against corruption. In the Northern Province, the people have been protesting and struggling against corrupt local officials who had levied extortionate taxes, pocketed funds for infrastructure projects and illegally used or sold public land. In one unprecedented display of public anger, farmers in one commune held 23 policemen hostages for five days in November 1997. This incident sent shock waves through the ruling Communist Party and promoted internal criticism, which resulted in the dismissal of 2,192 party members from posts and 2,983 were expelled altogether from the party from 1998 until 2000. Those who were involved in the said province corruption were punished, and at least 62 of them received prison sentences. The incident also prompted the government to issue a 1998 decree to enhance public participation in local government.<sup>120</sup>

Although the public in some Southeast Asian countries has shown great potential in the struggle against corruption, it has been felt that it needs more awareness and sensitivity against all forms of corruption, vigilance and proper orientation. The public revolution against corruption is, indeed, the safety valve when political parties, institutions, NGO's and the press fail to stand firm in the noble fight to check corruption.

---

<sup>119</sup> Mark Mitchell. Shut Out of People Power, Far Eastern Economic Review, 8 February 2001, pp. 22-23.

<sup>120</sup> <http://www.atimes.com/se-asia/BD06Ae01.html>; <http://www.feer.com/articles/2001/0005-03/index.html>