"Many leaders have adopted 'hopeless' strategies that perpetuate corruption instead of stifling it."

Curbing Asian Corruption: An Impossible Dream?

JON S. T. QUAH

The rise of Asia is regarded in most of the world as primarily an economic phenomenon. Asian economies have rebounded robustly since the 1997 financial crisis, with growth rates in many countries greatly exceeding the global average. Yet corruption remains a problem throughout the region, significantly cramping the extent and potential of Asia's "rise."

CORRUPTION
Eighth in a series

In the 2005 "Corruption Perceptions Index" produced by the watchdog group Transparency International, most of the 22 Asian nations received low rankings and scores. Indonesia, for example, is ranked 137th among 159 nations. India and China fare only somewhat better, ranking 88th and 78th respectively. (The United States, by comparison, ranks 17th in the world.)

Corruption—defined by the United Nations Development Program as the abuse of public power for private benefit through bribery, extortion, influence peddling, nepotism, fraud, or embezzlement—not only undermines investment and economic growth; it also aggravates poverty. In India, even the poor have to bribe officials to obtain basic services. Graft also undermines the effectiveness of states. The World Bank, for example, has estimated that the Philippines government between 1977 and 1997 "lost" a total of $48 billion to corruption.

Why is graft a serious problem in Asian countries? Can their leaders minimize it and thereby further improve and sustain economic growth—or is this task hopeless? My research suggests that curbing corruption in most Asian nations is difficult, mainly because of a lack of political will. However, it is not an impossible dream, as the examples of Singapore and Hong Kong demonstrate.

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BEHIND THE GRAFT

Corruption in Asian countries has five major causes. The most widely cited factor is the low salaries of civil servants. Inadequate wages force public employees to accept "speed money"—to expedite citizens' requests for services or licenses—or bribes to bend the rules for those who are not eligible for permits or benefits.

In Indonesia, the monthly salaries of civil servants usually last for only 10 to 12 days. In Mongolia, judges' monthly salaries range from $33 to $51; a third of the judges in the countryside are homeless. In the Philippines, civil servants supplement low wages by selling goods and services out of their offices and holding second jobs—or resorting to petty corruption.

Second, the expansive role of governments in national development throughout Asia increases opportunities for administrative discretion and corruption, especially among poorly paid civil servants. In Indonesia, the vulnerability to corruption among government agencies depends on the size of their budgets and their access to the public. So-called wet agencies, such as customs, immigration, internal revenue, public works, and police departments, provide more opportunities for graft than "dry" agencies, such as administrative and research departments, that do not interact directly with the public.

A third cause of corruption in many Asian countries is the low risk of detection and punishment. Civil services suffer from weak disciplinary control in part because both the state employees and the citizenry regard graft as a low-risk, high-reward activity. In most Asian nations, a civil servant is unlikely to be caught if he indulges in corrupt practices. And even if he is detected, he is unlikely to be punished. President Suharto of Indonesia, for exam-

ple, was charged with corruption in 2000, but the case was dropped on medical grounds.

A comparison of prosecution rates in Hong Kong and the Philippines found that a civil servant committing a corrupt offense in Hong Kong was 35 times more likely to be detected and punished than his counterpart in the Philippines. In 2000, Senior Minister Lee Kuan Yew of Singapore lamented the "soft, forgiving culture" of the Philippines: only there, he said, "could a leader like Ferdinand Marcos, who pillaged his country for over 20 years, still be considered for a national burial."

CULTURE AND POLITICS

A fourth factor fostering rampant corruption in Asian countries is culture—in particular, the primacy of the family and Asian traditions of gift giving. In the Philippines, familial ties and the cultural value of *utang na loob* (debt of gratitude) have made Filipinos more tolerant of corruption, helping to explain why nepotism is prevalent and public officials readily perform favors for their relatives. Unqualified Filipinos acquire jobs as teachers by paying bribes of 3,000 to 5,000 pesos ($58 to $96) and by giving up to three months' pay to their superiors to show gratitude for their appointment.

In Mongolia, an ancient tradition of gift giving persists. A taboo against returning an empty container to a person who has brought a gift without placing a small token in it promotes reciprocity in social relations. It also encourages bribery of civil servants, in the form of gifts provided by those wishing to cut red tape or to improperly obtain licenses or permits. In South Korea, the tradition of gift giving takes the corrupt form of expensive offerings to political leaders or civil servants in return for favors.

In Thailand, research has found that civil servants are promoted only if they are qualified *and* if they provide gifts and services to their superiors. Examples of such gifts include golf bags, Buddha statues, or honey for the supervisor's wife (marrying the supervisor's daughter is an even better strategy for gaining promotion).

Thai culture's general tolerance of corruption is demonstrated by the extent to which the public accepts corrupt practices of civil servants, military leaders, and politicians. The closest Thai word for corruption is *choo rat bang luang*, which means to defraud the state or to steal from the king. This is not viewed as an erosion of the public interest. Indeed, giving gifts to officials for services rendered is not viewed as bribery but as *sin nam jai*—gifts of goodwill. Thais do not consider bribes a form of corruption as long as they do not cause trouble to anyone. In addition, many Thais are embarrassed if prominent people are humiliated. This makes it difficult for Thailand's anticorruption agency to take action against powerful officials.

The fifth and most important reason for the extensive corruption afflicting many Asian countries is a lack of political will, combined with ineffective anticorruption strategies. "Political will" refers to the commitment of government leaders to eradicate corruption in their countries. (Civil society also can have an impact, but in Asian societies anticorruption efforts in the absence of government leadership have been less than impressive.) Success occurs where three conditions are met: comprehensive anticorruption legislation is enacted; an independent anticorruption agency is provided with sufficient personnel and resources; and the independent agency fairly enforces the anticorruption laws.

Over the past 50 years in Asia, only Singapore and Hong Kong have demonstrated the political will to curb corruption. As a result, both enjoy relatively low levels of graft. In both cases, incumbent governments introduced sweeping anticorruption measures and, by impartially enforcing them, succeeded in changing popular attitudes toward corruption.

In Singapore, the People's Action Party government enacted comprehensive legislation in 1960 and gave the Corrupt Practices Investigation Bureau extensive powers to curb graft. In Hong Kong, a far-reaching anticorruption ordinance empowered an independent commission in 1974. Hong Kong has continued to be effective in curbing corruption since rejoining China. In both city-states, the government apprehends and severely punishes corrupt individuals regardless of their status or position. Graft is perceived as a high-risk, low-reward activity. Indeed, reflecting this reality, Transparency International's 2005 Corruption Perceptions Index rates Singapore the 5th-cleanest government in the world. Hong Kong ranks 15th.

CLEANING DUTY

Asian countries display a variety of corruption control efforts. Some nations enact specific anticorruption laws but have no independent bureau to implement them. Mongolia, for instance, has an anticorruption statute and three provisions restricting bribery in its criminal code. Yet the task of curbing corruption is shared among the police, the General Prosecutor's Office, and the courts. There is no designated anticorruption agency.

A second pattern of corruption control involves a combination of anticorruption laws and several anticorruption agencies. This is found in both democratic and communist countries. In India, the Prevention of Corruption Act is enforced by the Central Bureau of Investigation, the Central Vigilance Commission, state anticorruption bureaus, and state vigilance commissions. The Philippines has the most anticorruption measures in Asia, with seven laws and 14 anticorruption agencies in place since the 1950s.

In China, three agencies implement anticorruption laws. The Supreme People's Procuratorate was formed in 1978 to fight corruption in the judicial sector. Also in 1978, the Central Disciplinary Inspection Committee was created to check corruption among members of the Chinese Communist Party. In 1986, Beijing established the Ministry of Supervision to curb graft in the civil service. Interestingly, Communist China is more effective than democratic India and the Philippines in fighting corruption. However, many senior Chinese Communist Party officials have escaped prosecution. And, in general, this second strategy is ineffective: anticorruption efforts are diluted and poorly coordinated, and the various agencies suffer from overlap and duplication.

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THE STRATEGY OF CHOICE

Still another pattern of corruption control in Asia is the most widespread and also the most effective—but only if it is supported by strong political leadership. This strategy involves the impartial implementation of comprehensive anticorruption laws by a specific anticorruption agency. Singapore initiated it. Malaysia became the second Asian country to adopt it, creating an anticorruption agency in 1967. Hong Kong formed its independent commission in 1974. Twenty-five years later, Thailand established a new anticorruption bureau to replace an ineffective commission. South Korea followed suit in 2002. Finally, Indonesia in 2003 formed its Corruption Eradication Commission.

While this pattern is potentially more effective than the other two, the adoption of an independent anticorruption agency to implement anticorruption laws does not ensure success unless it is accompanied by political will. Malaysia's anticorruption strategy, for example, has not been especially effective. The absence of political will was demonstrated in September 1998 when Deputy Prime Minister Anwar Ibrahim was arrested and subsequently convicted and imprisoned for six years on corruption charges. This apparent enforcement action in fact illustrated the manipulation of the powerful anticorruption agency as a weapon against political foes. The government lacked the will to enforce the anticorruption laws impartially.

Thailand's introduction of a new constitution in 1997 has enhanced its ability to curb corruption. An independent commission replaced a "paper tiger" agency that lacked authority to punish corrupt civil servants and could only send reports to the prime minister. But Thailand's anticorruption efforts were adversely affected by the commissioners' resignation in May 2005 after a court found them guilty of abusing their powers by awarding themselves salary increases. (On the other hand, this episode showed that the anticorruption commission itself is not above the law.)

Indonesia began its fight against corruption in 1955, but its anticorruption strategies have been ineffective, largely because graft was institutionalized during the 32 years (from 1966 to 1998) of President Suharto's rule. In May 1999, *Time* magazine published a report accusing Suharto and his family of accumulating a $15 billion fortune in "cash, property, art, jewelry, and jets."

Since corruption has become entrenched as a way of life in Indonesia, it is not surprising that Suharto's successors have also not succeeded in minimizing it. President Abdurrahman Wahid was himself accused of involvement in three corruption scandals. His successor, Megawati Sukarnoputri, who became president in 2001, seemed initially interested in fighting corruption. But she demonstrated a lack of political will by delaying the establishment of an anticorruption commission, declining for more than two years to sign the authorizing legislation.

President Susilo Bambang Yudhoyono became the first directly elected president of Indonesia in October 2004. Unlike his predecessors, he appears committed to combating corruption and has stressed the importance of clean government. However, he unwittingly undermined the new anticorruption commission's effectiveness in May 2005 when he formed an anticorruption task force, con-

sisting of prosecutors, police, and auditors. The task force is diluting the commission's efforts and competing instead of cooperating with it.

Where there is will

Corruption in Asia can be minimized only if political leaders are willing to impartially implement effective anticorruption strategies. These include paying civil servants adequate salaries, reducing opportunities for corruption in wet agencies by cutting red tape and unnecessary regulation, improving the supervision of civil servants in vulnerable positions, and increasing the probability of detecting and punishing corrupt individuals.

The table on this page shows four possible strategies for combating corruption in Asian countries, depending on the adequacy of the anticorruption measures employed and the level of political will. The most effective strategy is a strong commitment by political leaders to curb corruption—a commitment further reflected in adequate anticorruption measures. In Asia, only Singapore and Hong Kong fall under this category.

Where anticorruption measures are adequate but political will is weak, nonenforcement or selective enforcement of anticorruption laws undermines their effectiveness. The Malaysian government under Prime Minister Mahathir Mohammed, for instance, was armed with adequate anticorruption measures but targeted only petty graft. Political will to curb grand corruption was lacking. Fortunately, the situation has improved since Abdullah Badawi succeeded Mahathir as prime minister in October 2003.

This kind of ineffective strategy can also be seen in the Thai government under Prime Minister Thaksin Shinawatra. Thailand's anticorruption bureau has stronger powers than its predecessor agency. But the prime minister's will to curb graft appears to be waning, particularly as his cabinet colleagues with business interests have been accused of formulating policies that benefit themselves and their cronies.

The other ineffective strategy occurs where the political will to fight corruption exists but anticorruption measures are inadequate. South Korea provides the best example. Presidents Kim Young-sam (1993–1998) and Kim Dae-jung (1998–2003), and the current president, Roh Moo-hyun, have all been committed to combating corruption. But the Anti-Corruption Act of July 2001 is weak and Korea's independent anticorruption commission lacks investigative powers.

A Matrix of Anticorruption Strategies in Asian Countries

	ADEQUATE ANTICORRUPTION MEASURES	INADEQUATE ANTICORRUPTION MEASURES
STRONG POLITICAL WILL	*Effective Strategy* Singapore Hong Kong	*Ineffective Strategy* South Korea
WEAK POLITICAL WILL	*Ineffective Strategy* Malaysia Thailand	*Hopeless Strategy* China, India, Indonesia Mongolia Philippines

Finally, anticorruption strategy is "hopeless" where political leaders do not have the will to curb graft, and this is manifested in the adoption of inadequate anticorruption measures. This strategy is typically employed in countries where corruption has been institutionalized.

The best examples of this are Indonesia under Suharto and the Philippines under Marcos. Neither leader was committed to eradicating corruption for a simple reason: they and their families and cronies were themselves plundering their countries. This helps to explain why anticorruption laws in Indonesia and the Philippines are feeble and selectively enforced and their anticorruption agencies are poorly staffed and funded.

As can be seen in the cases of Singapore and Hong Kong, curbing corruption in Asian countries is not an impossible dream, but it does require the sustained commitment of political leaders and populations. Since this political will is scarce in Asian countries, it is not surprising that many leaders have adopted "hopeless" strategies that perpetuate corruption instead of stifling it. ■