



THE PROBLEM OF **CORRUPTION**

SYED HUSSEIN ALATAS

THE PROBLEM OF CORRUPTION

SYED HUSSEIN ALATAS



The Other Press
Kuala Lumpur

© Syed Hussein Alatas 1986

First published 1968 under the title
The Sociology of Corruption
Donald Moore Press Ltd, Singapore

This revised edition 2015
The Other Press Sdn. Bhd.
607 Mutiara Majestic
Jalan Othman
46000 Petaling Jaya
Selangor, Malaysia
www.ibtbooks.com

The Other Press is affiliated with Islamic Book Trust.

Perpustakaan Negara Malaysia

Cataloguing-in-Publication Data

Alatas, Syed Hussein, 1928-2007

The Problem of Corruption / Syed Hussein Alatas.

Includes index

Bibliography: p. 149

ISBN 978-983-9541-97-7

1. Political corruption--Asia. I. Title.

320.95

Printed by

Academe Art & Printing Services Sdn. Bhd.

No. 7, Jalan Rajawali 1A

Bandar Baru Puchong

Batu 8, Jalan Puchong

47100 Selangor

Contents

Foreword to this Edition	ix
Foreword	xxi
Preface	xxiii
Part One: The Sociology of Corruption	1
Part Two: Corruption in Asia: The Human Cost	63
Part Three: The Struggle against Corruption	99
Appendix A	129
Appendix B	133
Appendix C	135
Appendix D	139
Appendix E	143
Appendix F	145
Bibliography	149
Index	155

Foreword to this Edition

by Syed Farid Alatas

*Departments of Sociology & Malay Studies
National University of Singapore*

Part One of this book was published more than forty years ago under the title of *The Sociology of Corruption*.¹ It remains as relevant today as it was four decades ago. This is testimony to the sharp mind and passionate scholarship of the author, Syed Hussein Alatas, who took an interest in the phenomenon of corruption since his student days and tirelessly spoke and wrote about the problem throughout his life. On the other hand, the continuing relevance of this work is also cause for sadness. It is sad that the work is not obsolete, that still explains our problems today.

Corruption is a phenomenon that is found everywhere, in developed as well as underdeveloped nations. However, its nature, causes and functions differ from country to country. Following World War II and formal independence, many governments in developing countries began to involve themselves directly in business. This went beyond their regulatory and infrastructural roles. These governments became

1. Syed Hussein Alatas, *The Sociology of Corruption: The Nature, Function, Causes and Prevention of Corruption*, Donald Moore, Singapore, 1968. Parts Two and Three were later added to Part One and published in 1986 as *The Problem of Corruption*. See Syed Hussein Alatas, *The Problem of Corruption*, Times Books International, Singapore, 1986. The foreword by Harold Lasswell appeared in the 1968 edition.

directly involved in the process of capital accumulation through the establishment of state-owned enterprises and financial institutions. In many cases, such as in Malaysia, ruling political parties became major owners of and investors in businesses and properties. These parties were able to acquire the means to buy, own and manage major concerns. Another aspect of the government's involvement in business is the ownership in the corporate sector by major political personalities by virtue of their position in or connections with government. This may or may not be due to nepotism. The group of capitalists that had evolved this way came to be known in Indonesia as client businessmen, but the term applies equally to other countries in the developing world.

Each of these aspects of the government's role in business has specific effects on development. State-ownership of enterprises and the role played by bureaucratic elites in these enterprises can be very important and beneficial to society, especially when these enterprises are monopolies that are deemed to be more efficient, cost-effective, and easier to control. But government involvement in business in terms of the role of political parties and client businessmen is potentially damaging to the economy because very often those who obtain rights, licenses, franchises, and the like are neither qualified nor competent in business. Patronage represents a major means by which such businessmen join the ranks of the economic elite. The disadvantage of this is that major corporations that are established through patronage or through political party connections are not up to standard as far as efficiency, technical know-how, and entrepreneurship are concerned. In this sense, the role of the government in development is negative. This is where corruption comes in.

Politicians and civil servants often function to advance their own private interests in co-operation with capitalists in the private sector.

Syed Hussein Alatas defines corruption as the “subordination of public interests to private aims involving a violation of the norms of duty and welfare, accompanied by secrecy, betrayal, deception and a callous disregard for any consequence suffered by the public”.² The three types of corruption commonly referred to are bribery or the acceptance of gifts by an official in return for granting special consideration to the interests of the donor, nepotism or the appointment of relatives, friends, and political associates to public offices regardless of the merits and consequences upon public, and extortion or the demand for gifts in return for the execution of public duties. In carrying out their public functions, state officials are in a position to advance their private interests, especially their material interests. Corruptors extend various forms of favours to private capitalists that encompass incentives, licensing, protectionism, funding from state banks, concessions, and joint-ventures. The relationship between the corrupt official and capitalist is one between patron and client. This is a special relation between a politically powerful patron and client who needs his/her protection due to the inadequacies of the formal economic institutions.

Corruption is found in all states but not all states are dominated by corruption. The type of state dominated by corruption can be referred to as a kleptocracy. The term kleptocracy was first used by the sociologist S. Andreski to describe the corrupt state in Africa and Latin America.³ The

2. See below, p. 9.

3. S. Andreski, *Parasitism and Subversion: The Case of Latin America*, Weidenfeld & Nicolson, London, 1966; S. Andreski,

term is derived from the words “klepto-” (thief) and “-cracy” (rule). A kleptocracy is a state dominated by kleptocrats who engage in corruption as a major, if not principle, means of capital accumulation. The key kleptocrats are not mid-level and low-level civil servants who extort or accept bribes to make a living but high-level politicians and bureaucrats who engage in corrupt activities as means of accumulating capital. This state of affairs is so pervasive in many countries in Asia, Africa and Latin America that it warrants our recognition of the existence of the kleptocratic state. The kleptocratic state is one which serves mainly the private interests of its politicians and bureaucrats.

The kleptocratic state is one which is dominated by kleptocrats as elites and state functionaries. These elites and functionaries are involved in several of the distinct types of corruption as listed by Alatas in his 1990 book, *Corruption: Its Nature, Causes and Functions*.⁴ These are transactive, extortive, investive, autogenic and supportive corruption. Each type of corruption which involves a mutual arrangement between donor and recipient, would involve high-level government officials, and party, military and bureaucratic elites on the side of the state, and corporate and landowning elites on the side of the public. Investive corruption which refers to the offer of goods and services in anticipation of a future return of the favour is common practice among elites in the executive and bureaucracy of the state where they are in a position to offer, say import licenses to undeserving

“Kleptocracy as a System of Government in Africa”, in Arnold J. Heidenheimer, ed., *Political Corruption: Readings in Comparative Analysis*, Reinhart & Winston, New York, 1970, pp. 346-357.

4. Syed Hussein Alatas, *Corruption: Its Nature, Causes and Functions*, Avebury Press, Aldershot, 1990.

businessmen in return for the possibility of a position in the company after retirement from political office. Supportive corruption refers to corrupt acts which seek to protect and strengthen the various other types of corruption that exist. It is engaged in by various types of state elites to block or restrict capable and honest people from occupying strategic positions in government.

Corruption as a means of capital accumulation, therefore, does not merely involve the raiding of state treasuries but is interwoven with other practices that have become institutionalised in many developing societies. These practices include patronage, personal rulership and a host of illegal means of the pursuit of returns to factors of production that are in strictly limited supply. There is no internalization of the norm of the separation of public and private interests. Furthermore, private capital is weak and dependent upon state patronage. Such states are kleptocracies to the extent that money politics and clientelism involve corruption. Corruption becomes a major means of capital accumulation. The kleptocratic state comes into being when there is hardly anything that one can do in dealing with the state that does not involve corruption. It is true that the phenomenon of corruption is not confined to developing societies. But, kleptocracies, that is, states in which corruption is a major means of capital accumulation, are more a feature of developing rather than developed societies.

The current discussions in Malaysia on the need to eradicate corruption must also involve the education of the public about the impact of corruption. Eradication of corruption is not only a matter of law enforcement but also public abhorrence and abstention from corrupt practices. The

education of the public on the impact of corruption on society requires, in turn, more research on the phenomenon.

What is needed from academics, journalists, intellectuals and activists are not just studies that seek to understand the nature and characteristics of the corrupt state or kleptocracy, but also research on the differential effects on development of the various types of corruption. Corruption has negative effects on the efficiency, morale, effectiveness, authority, and goals of individual organizations of the state. These work to jeopardize, thwart, or halt meaningful development by way of loss of government revenues, policy distortions, and so on. More work on the sphere of corrupt practices, the types of corruption involved and the effects on development is needed.

The pervasiveness of corruption also undermines our efforts to develop a matured democracy in Malaysia. Formally speaking, a democratic political system generally refers to one in which the posts of the executive are elective and members of political parties are elected to representative bodies such as parliament. Furthermore, in a democratic system there is a separation of powers such that the executive itself is subject to the law. Perhaps a central feature of a democracy is the prominence of interest and pressure groups which seek to influence public policy by way of working closely with and on legislators. Democracy in the formal sense of the term had been in place in Malaysia since independence from the British in 1957. Some had referred to the political system in Malaysia as a quasi or semi-democracy because of the presence of certain anti-democratic elements such as the abolishment of local-level polls and the Internal Security Act (ISA) that was in place for decades. Nevertheless, apart from a brief

interregnum of nondemocratic rule from 1969 to 1971 after racial rioting broke out, Malaysia has enjoyed eight general elections, changes in heads of government, and a certain degree of freedom of expression that has even increased in the last few years.

But, democratic states are no less prone to corruption than other types of states. The democratic state claims that it acts in the interests of the members of society. Given the diversity of interests in society, the state is unable to reflect the interests of all its members. Instead, the state mediates between different groups and divisions which results in all divisions and groups having an impact on public policy but with no one dominating. The state would have us believe that the members of the various divisions and groups in society convey their political ideas and grievances to the state by way of political parties and interest groups. Political parties compete among themselves for office and provide a range of choices to the electorate. While political parties seek to obtain power and form a government, interest or pressure groups seek to influence political parties and the government with regard to the specific interests that they claim to represent. The claim is that no one type of interests dominates decision making. For example, the Malaysian government would claim that it rules impartially for the benefit of the *rakyat* regardless of religion, race or class. The reality, however, is different.

The issue of the abuse of power by public servants or corruption had become more important in public discourse during the last few years. Part of the reason is that the current government, under the leadership of Dato' Sri Najib Razak, had embarked on a widely publicised campaign against corruption, resulting in several arrests and prosecutions. Democracy has

played a role in the attention that the government is giving to corruption. The General Election of 2008 functioned as a wake-up call to the government that they had lost the support of great numbers of Malaysians. At the same time, the Malaysian democratic culture received a boost under the Prime Ministership of Tun Abdullah Ahmad Badawi, who allowed for a more open media and critical public discourse. The gradually changing political culture of the country has resulted in the emergence of an opposition coalition that is seen to be a serious threat to the Barisan Nasional's hold on power, as can be seen from the results of the General Elections of May 2013.

A complete transition to genuine democracy, a system that is founded not just on the formal trappings of the democratic system such as regular elections, but one based on a culture that values and respects diversity and the rules of democratic procedures, is difficult to imagine for Malaysia. This would require fundamental changes in the political culture, economy, and politics of the country. What we have witnessed thus far are tendencies that create enclaves of democracy within the country which may help to socialize men and women to life in a society that is more tolerant of differences and, therefore, freer.

The greatest threat to the development of democracy in Malaysia is kleptocracy. Malaysians do not want a government filled with those who use their office to seek status and personal gain at the expense of the governed. At a forum entitled "Eradicating Grand Corruption: How Successful Have We Been?" (November 26, 2012), organised by the Institute for Democracy and Economic Affairs (IDEAS) and hosted by the Malaysian Anti-Corruption Academy (MACC), I suggested that Malaysia

may descend into kleptocratic rule if steps are not taken to minimise the rate of high level or grand corruption in the country.⁵ In Malaysia, corruption is not a random or occasional occurrence but tends to be systemic and cuts across authoritarian and democratic regimes. Kleptocrats are usually not merely mid-level officials who extort money or receive bribes as a means to make ends meet, but high-ranking officials and top-level politicians who engage in corrupt acts to do business and accumulate wealth. The question for Malaysians is whether we are a country in which corruption is the dominant means of doing business and can be referred to as the fifth factor of production. To the extent that kleptocratic rule develops and expands, whatever genuine democratic forces there are will recede into the background. This is because the kind of democracy that is based on good governance and accountability to the people is antithetical to the interests of the kleptocrats. At most, a formal and limited form of democracy will survive.

The fourteenth century Muslim social theorist, Abdur Rahman Ibn Khaldun made an interesting observation of the state. This was based on his study of West Asian and North African polities as well as his experience with the vicissitudes of political life. He said “[g]overnment decisions are as a rule unjust, because pure justice is found only in the legal caliphate that lasted only a short while”.⁶ This injustice is to be

5. See Ramon Navaratnam, “Is Malaysia a Kleptocracy”, *The Malay Mail*, December 5, 2012, Kuala Lumpur.

6. Ibn Khaldun, *The Muqaddimah: An Introduction to History*, 3 Vols., translated from the Arabic by Franz Rosenthal, Routledge & Kegan Paul, London & Henley, 1967, vol. II, p. 285. For the Arabic original see Ibn Khaldun, ‘Abd al-Rahman, *Al-Muqaddimah*, 5 Vols., ‘Abd al-Salam al-Shaddadi [Abdesselam Cheddadi], Bayt al-Funun wa-l-‘Ulum wa-l-Adab, Casablanca, 2005, vol. II, p. 221.

understood in a more general sense than as the confiscation of property and money. It includes forced labor, the imposition of duties not required by Islamic law, the collection of unjustified taxes and so on.⁷

Writing more than five hundred years later, the Spanish philosopher and an intellectual leader of the Spanish Republican government, José Ortega y Gasset wrote in a chapter entitled “The Greatest Danger, the State” that state intervention is “the greatest danger that threatens civilization”.⁸ Drawing on the experience of Europe, Ortega explained that at the end of the eighteenth century the state was a very small affair. As far as public order and administration were concerned the state was weak. However, the disproportion between state and social power was addressed by the nineteenth century when the state became a formidable machine and the threat to civilization became state intervention, the enslavement of society, and the bureaucratization of human existence.⁹ With the creation of a new type of man, the industrial worker, an increase in criminality in Europe led to the rise of the strengthening of public authority. But, it was this very strengthening of public authority which made the state dangerous. Ortega warned that it was “[f]oolish for the party of “law and order” to imagine that these “forces of public authority” created to preserve order are always going to be content to preserve the order that the party desires. Inevitably they will end by themselves defining and deciding on the order they are going

7. Ibn Khaldun, *op. cit.*, vol. II, pp. 106-107. For the Arabic original see, Ibn Khaldun, *op. cit.*, vol. II, p. 84.

8. José Ortega y Gasset, *The Revolt of the Masses*, W.W.Norton & Co., New York, 1932, p. 120.

9. *Ibid.*, pp. 117-121.

to impose—which, naturally, will be that which suits them best”.¹⁰

Malaysians want a strong state that can establish and maintain public order and run an efficient administration. But we do not want a dangerous state, one with disproportionate power such that its intervention results in rule by thieves. *The Problem of Corruption* is a contribution to the empowering of intellectuals and activists who wish to weed out the kleptocrats from our system.

Kuala Lumpur
December 2014

10. Ibid., p. 123.

Foreword

by Harold D. Lasswell

*Edward J. Phelps Professor of Law and Political Science,
New Haven, Connecticut, U.S.A.*

Few short treatises can be more timely than this exemplary sketch of the problem of corruption. Disproportionate emphasis has been put in recent years on the technological, scientific and economic dimensions of social change, with insufficient treatment of the many other value-institution features inseparable from the processes involved. Not the least of these neglected aspects is corruption, a complex and pervasive phenomenon to be differentiated from criminality, for example, and other closely connected but distinctive patterns of organized and unorganized behaviour.

Professor Alatas has deflated a great many hypotheses that have been put forward to account for some of the corruption that has so often appeared during the years of transition from a 'traditional' society. Intimately informed as a scholar and a participant of the details of many cultures, notably those in Southern and Eastern Asia, the author has, for instance, quietly challenged the supposed impact of the 'gift' as a traditional cultural practice whose predisposing effect has been to further a contemporary sub-culture of corruption. He has successfully dealt with one of the most commonly mentioned consequences that is often alleged to justify the policies of toleration on the part of those who influence official and private acquiescence in corrupt acts. Professor Alatas

spells out with great lucidity the definitional distinctions and the kinds of historical and contemporary data that must be brought into the analysis before credence can be given to the suggestion.

This temperate, scholarly and acute analysis is a prologue to what I hope will be a new burst of scientific, scholarly and policy-oriented effort to bring our understanding of corruption to the level that has been attained in the study of some other social manifestations. The approach is eminently sound because it is thoroughly contextual. Professor Alatas makes it unmistakably clear that the phenomenon in question can only be grasped when it is explicitly related to the cultural setting where it appears and with which it continually interacts.

Only the most superficial mind could be satisfied with reflecting that the 'corrupt' like the 'poor' are always with us, and that nothing new can be learned by exploring the form and magnitude of corruption in any specific nation or locality. On the contrary, significant dimensions are only revealed when it is possible to identify the particular constellation of factors present in a given place at a definite time, and to ascertain their relative weight in stimulating or inhibiting corruption.

Without going further in underlining the importance of the present topic or its treatment, let me add my voice to those who will perceive in this discussion a fresh start in comprehending and contributing to the eventual control of one of the most recalcitrant characteristics of public and private life of yesterday or today anywhere in the community of man.

Preface

The first published edition, comprising the first part of this book, was originally a paper submitted to the 27th World Congress of Orientalists, Ann Arbor, Michigan, USA, in August 1967. Only the abstract was published in its proceedings. However, eleven years earlier, my interest in writing on corruption had started as part of a general appraisal of the fundamental problems generated by colonialism.¹ A few years later, my contribution on corruption appeared in a Singapore daily.² Here I stressed amongst others that the integrity of an official must be considered as an absolute condition to qualify him for a job, for efficiency alone does not ensure against corruption; that the state should emphasize the moral factor in its education policy; that the state should consider religion as an ally in the fight against corruption; that sound social, political and economic planning be introduced.

The attempt to eliminate corruption must be based on taking into account human behaviour in its totality. Legal and administrative measures are not sufficient in themselves. Behind this, there must be a strong climate of opinion nurturing the sense of rectitude of such a strength that the

1. Syed Hussein Alatas, 'Some Fundamental Problems of Colonialism'. *Eastern World*, November 1956, London.

2. Syed Hussein Alatas, 'The Effects of Corruption'. *Singapore Tiger Standard*, February 28, 1957, Singapore.

ruling class becomes imbued by it. The absence of such a climate creates a situation prevailing in the developing societies, poignantly described by a Pakistani Minister of Justice and Parliamentary Affairs. Injustice and exploitation have prevailed for centuries. Touching on the tragic aspect of the prevailing system and society, he regretted that people had adopted false standards of distinction. Ill-gotten wealth had become the criterion of status and respectability. The younger generation in urban centres were worried about their future. Even legislation could not respond to the sense of anguish of human beings battered by such a system.³

The society alluded to above is one which has been invaded by what I have suggested should be called 'tidal corruption'. This is one in which the entire life is dominated by corruption. From top to bottom, government machinery is seriously infected by corruption. We are not talking of pockets of corruption here and there that exist in all societies. We are talking about the entire system of administration dominated by corruption entering into all levels of the decision-making process seriously affecting people's lives.⁴ It is this kind of corruption, total corruption that grips a social order, that is the theme of this book.

Corruption is a highly complex phenomenon. It would not be possible to treat adequately its major features in a single book. Each scholar would have to make the selection he considers urgent and significant. Continuous research is necessary. In 1982-1983, I was awarded a fellowship by

3. *The Pakistan Times Overseas Weekly*, August 17, 1986. Iqbal Ahmed Khan in a speech at the launching ceremony of an Urdu book by Zahid Hassan Chughtai.

4. See Appendix D, *The Asian Wall Street Journal*, February 25, 1981, Hong Kong.

the Woodrow Wilson International Centre for Scholars, Washington D.C. There I completed a book on a general theoretical and historical study of corruption in human society delving into areas not covered by the present book. The two complement each other. It dawns on me that more books should have been written on numerous other aspects of corruption. The material is inexhaustible. However, the need remains for a concise introductory treatment of the subject as presented in this book.

Regarding the content of the present edition, Parts Two and Three together with the Appendices and more bibliography, are new additions. I would like to thank the Wilson Centre for a substantial portion of Part Two which was originally published by it as an occasional paper, delivered at its colloquium on June 22, 1983. I would also like to express my regret that this time I was not able to gain from the advice of Professor Harold D. Lasswell since he has long passed away. His Foreword is for the first part of this book. Had he been alive, I am sure his suggestions would have been of great benefit.

Finally, I wish to express my appreciation here for the staff of the National University of Singapore Library, for their kind and efficient assistance, not only for the preparation of this book but for all the others I am engaged in.

Prof. Syed Hussein Alatas

PART ONE

The Sociology of Corruption

Anyone attempting a sociological analysis of corruption will eventually be confronted by a methodological problem. Accepted and generally applied methods of social research such as the interview, the questionnaire and statistical analysis cannot be applied here as long as corruption is considered as a shady transaction. The most that a sociologist can do is to observe the phenomenon and its effects and to gather as much confidential information as possible. Even public disclosures of corruption, such as those accompanying a fallen regime, do not reveal as much as there is to be revealed.

The sociologist studying the phenomenon of corruption has to be fully conversant with the history, the culture, the language and the circumstances of at least one rich and complex instance from which he can derive his data and test his theories. Without background knowledge, it is hardly possible to offer any fruitful insight beyond that which is obvious. Similarly, without a continuous sustained observation of the phenomenon over a long period, it is almost impossible to test the validity of certain generalizations on the nature and function of corruption.

A number of scholars who have treated the subject in some professional journals have done so as a sideline of

their main interests. They did not keep a close watch on the phenomenon within a given country, selected as the concrete case, over a period of about ten or twenty years. The full cycle of corruption requires time to develop before its manifold ramifications can be observed. More than twenty years ago, Indonesia was already bogged down by corruption at all levels. It was firmly entrenched and received tacit protection from those in power, even though there was some public agitation against it. After the unsuccessful 30 September 1965 communist attempt to seize power, followed by the rise of Generals Suharto and Nasution to leadership against the communist-Sukarno united front, there was greater public agitation against corruption.

A new manifestation in the history of corruption in Indonesia was exposed recently, that is the role of banks in the intensification of corruption. More than twenty years ago this was hardly heard of. What did exist was the corruption of bank officials in the form of commissions (bribery) for a loan obtained from the bank, but with sufficient security. The new manifestation was the active participation of directors of some banks in organizing an illegal banking ring. Their banks issued large loans to clients without sufficient security. On 29 August, 1967, fifteen banks were suspended and prohibited from clearing their cheques until investigation was completed. One of them was a bank for the armed forces. It was reported on 28 August, 1967, that 39,000 dubious cheques from just three banks were being investigated. One army officer was alleged to have embezzled 120 million rupiahs with the co-operation of a bank. It was subsequently claimed by the official side that only seventy million was involved while the other fifty million

was recovered. The officer involved escaped to Holland via Penang.¹

These banks worked through unofficial agents whose function was to settle the deal with the party in need of the credit. When a credit, say of ten million rupiahs, was needed, the borrower had not only to pay a higher rate of interest (the official rate plus the illegal rate for the director, sometimes totaling up to twenty per cent) but also a ten per cent down payment as soon as the amount was drawn from the bank. In a loan of ten million, one million was immediately deducted as a bribe for the director. As this practice developed, the bank as a whole had to draw overdraft from the central bank since more and more credit was given in this way.² Not only the banks, but other official or private institutions developed what General Nasution called 'dualism' in his written address to the Conference of Muslim Students in North Sumatra on 26 August, 1967. In it, he pointed out that after twenty-two years of independence, the Indonesian nation had not succeeded in establishing a just and prosperous society. General Nasution feared that corruption would turn out to be the national cancer unless it was mentally and administratively uprooted. He noted the dualism in the budgeting of some official institutions engendered by certain social and operational needs, as one of the sources of corruption.³

In a corrupt society, dualism in the activity of the state institutions is most pronounced. In every instance there is

1. *Sinar Harapan*, Djakarta, August 28, 1967. The issue of September 3, 1967, suggested the involvement of three parties in this affair: the bank officials, the army officer and the suppliers. A photocopy of the cheque was printed.

2. *Sinar Harapan*, Djakarta, September 16, 1967.

3. *Sinar Harapan*, Djakarta, August 28, 1967.

the official and the unofficial procedure. Tax assessors visit the home and offer to reduce assessment on remuneration. Admission to the university can be procured through the back door. Licences and permits can be obtained likewise. In almost every official activity there is this dualism.

The association of corruption and crime is a well-known phenomenon. But the forms of this association vary according to the degree of corruption. As corruption develops in intensity these forms multiply. Thus on 11 August, 1967, a Jakarta paper reported the arrest of seventeen people, some of them from the Indonesian Armed Forces, who organized a syndicate to sell or rent out fire-arms to those who would need them for private, often criminal purposes. The *modus operandus* was as follows: A soldier was ordered by his superior officer to perform a certain task, requiring a rifle, outside Jakarta. He was given between 6,000 and 15,000 rupiahs as an allowance for a month. Whether the soldier in fact carried out the job, nobody bothered to ascertain. The rifle was then sold for 11,000 rupiahs, or rented out for a substantial fee. Every month the order was repeated. The proceeds from the sale of the rifle and the misappropriated monthly allowance were then divided. A recent raid by the authorities on a house at Djatipetamburan, Jakarta, recovered eleven rifles and ten blank order sheets.⁴

Large-scale smuggling of tin from Banka involving some members of the Armed Forces was another instance of the association of corruption and crime. The Brigadier-General who ordered the arrest of six army personnel, claimed that only one out of every ten shipments of tin per night could be traced. He was certain that the smuggling ring included

4. *Sinar Harapan*, Djakarta, August 11, 1967.

military and civil authorities.⁵ On 7 September, 1967, a shipment of Indonesian tin worth RM20,000 was confiscated at Tanjong Piai. This incident also involved members of the Armed Forces.⁶

Though we could acquire some occasional quantitative data on corruption, these would be by no means sufficient to justify any attempt to assess the cost of corruption. The known cases of corruption are only an insignificant part of this activity. The attempt to assess the cost of corruption and to set up a typology thereof, such as that expressed by Nye, is entirely fruitless in the absence of statistical data. It could not go beyond generalizations which are already obvious.⁷ On the other hand, research into the phenomenology and typology of corruption, as well as its function as influenced by prevailing circumstances in a country enveloped by corruption, may yet help us to increase our understanding and explanation of the phenomenon.

Absence of sufficient quantitative data does not mean that there is nothing else to be examined. The effects of developed corruption are very obvious. In the case of Indonesia, nobody from any political party or any social or administrative group has ever denied the prevalence of corruption. The effects are too glaring to hide. The aim of the first part of this book is not a descriptive study of corruption in any particular area, but a theoretical exploration of the phenomenon, supported by available contemporary data on corruption.

5. *Sinar Harapan*, Djakarta, September 6, 1967.

6. *Sinar Harapan*, Djakarta, September 7, 1967.

7. J.S. Nye, 'Corruption and Political Development: A Cost Benefit Analysis'. *The American Political Science Review*, vol. LXI, no. 2, June 1967.

This book does not aspire to give a specific concrete solution to the problem that could be adopted in a particular country. The prevention of corruption as discussed here refers to general conditions. A solution meant for any particular country has to be preceded by intensive case study with the co-operation of the government concerned. It has to go into details pertaining to the administrative, economic, political, social, cultural, philosophical and ethical aspects of corruption as found in the particular country under study.

Many problems have repeated themselves throughout history. The great Chinese reformer, Wang An Shih, (A.D. 1021-1086) in his attempt to eliminate corruption was impressed by the two ever-recurrent sources of corruption, bad laws and bad men. As he put it, 'But what I wish particularly now to emphasize is that history proves it to be impossible to secure proper government by merely relying on the power of the law to control officials when the latter are not the right men for their job. It is equally futile to expect efficient government if, having the right men in their proper positions, you hedge them about by a multitude of minute and harassing prohibitions.'⁸ His views on the dynamics and pathology of administration are extremely instructive, and contain much that is relevant to current interest in the problem. He classified human beings into two groups, the morally mediocre and the morally high. Changes of fortune did not affect the latter. The danger comes when the moral mediocrities gained control of government. Their action might then release all sorts of corrupt forces throughout the hierarchy.

8. Wang An Shih, 'Memorial of a Myriad Words' (Wan Yen Shu), in H.R. Williamson, *Wang An Shih*, vol. 2, p. 75, A. Probsthain, London, 1935.

Wang An Shih was no armchair theoretician. He was a very active public figure who once rose to the highest ministerial office of China, and who had a sound diagnosis of corruption. In the last analysis the two absolute prerequisites against corruption, he believed, were power-holders of high moral calibre, and rational and efficient laws. Neither could function without the other. The one conditioned the other. Both had to be present for any effort to be successful. The aim of modern governments for efficiency and rational goals is evident in Wang An Shih's approach. The Indonesian situation at the moment has led many of the country's serious-minded patriots to revive the issues. The problems confronted by Wang An Shih in eleventh century China have again emerged under a new guise in contemporary Indonesia and many other Asian countries.

Amongst the Islamic scholars, Abdul Rahman Ibn Khaldun (A.D. 1332-1406) should be especially mentioned. He is well known not only as the discoverer of scientific history and sociology, but also as a student of corruption. Like Wang An Shih, he was no armchair theoretician. He was an active public figure who rose several times to high office, suffered imprisonment and various changes of fortune. During his appointment as a judge he tried to eliminate corruption and bribery but failed, and was dismissed from office. Ibn Khaldun attempted to explain the causes of corruption, and also why at certain times reformers had failed, and at other times they had succeeded. His insight into the matter is interesting. He considered the root cause of corruption to be the passion for luxurious living within the ruling group. It was to meet the cost of luxurious living that the ruling group resorted to corrupt dealings. The other

causes were further effects generative of further corruption.⁹ They were the chain reactions released by corruption. The corruption of the ruling group brought about economic difficulties, and these difficulties in turn induced further corruption.

Between the old and the present studies of corruption in Asia, there has not been any continuity in the development of theory and analysis. Furthermore, the sociology of corruption in general has received relatively little attention from social scientists.

In most instances, reference to corruption is made in connection with other subjects, such as crime or public administration. Many works referring to corruption do not attempt a conceptual and causal analysis. Neither do they attempt to classify the types and degrees of corruption.¹⁰ A theoretical enquiry into the roots and function of corruption as attempted by Lasswell and Rogow is not a common phenomenon.¹¹ Neither is Wertheim's discussion on the sociological aspects of corruption in Southeast Asia.¹²

9. See Ibn Khaldun, *The Muqaddimah*, vols. 1-3, tr. F. Rosenthal, Routledge-Kegan Paul, London, 1958. (Vol. 2 is of special interest.)

10. An instance at hand is B. Noggle's *The Teapot Dome*, Louisiana State University Press, 1962. This is primarily a historical work. As a source of sociology insight, it is interesting although it does not furnish an analysis of the subject.

11. H.D. Lasswell and A.A. Rogow, *Power, Corruption, and Rectitude*, Prentice Hall, New Jersey, 1963. This is a stimulating work against the Actonian generalization that power corrupts. It also deals with other aspects of power and corruption of interest to the sociology of corruption.

12. W.F. Wertheim, 'Sociological Aspects of Corruption in Southeast Asia', in his *East-West Parallels*, van Hoeve, The Hague, 1965.

The Nature of Corruption

Before we go any further, we should clarify the term corruption. As Wertheim puts it, 'According to the common usage of the term "corruption" of officials, we call corrupt a public servant who accepts gifts bestowed by a private person with the object of inducing him to give special consideration to the interests of the donor. Sometimes also the act of offering such gifts or other tempting favours is implied in the concept. Extortion, i.e. demanding of such gifts or favours in the execution of public duties, too, may be regarded as "corruption". Indeed, the term is sometimes also applied to officials who use the public funds they administer for their own benefit; who, in other words, are guilty of embezzlement at the expense of a public body.'¹³

Another phenomenon which can be described as corruption is the appointment of relatives, friends or political associates to public offices regardless of their merits and the consequences on the public weal. For the present purpose we shall call this nepotism.

We have thus three types of phenomena contained in the term corruption: bribery, extortion, and nepotism. They are not completely identical, but can be classified under one heading. Essentially there is a common thread running through these three types of phenomena—the subordination of public interests to private aims involving a violation of the norms of duty and welfare, accompanied by secrecy, betrayal, deception and a callous disregard for any consequence suffered by the public.

In the interests of analysis we have to differentiate further between corruption and criminal behaviour, and between

13. W.F. Wertheim, *op. cit.*, p. 105.

corruption and maladministration or mismanagement of affairs, the effects of which are also not in the public interest.¹⁴ But first let us enumerate the characteristics of corruption, and thereafter distinguish it from criminal behaviour not usually classified as corruption, and from maladministration or mismanagement of which many effects are the same as those of corruption.

The characteristics of corruption are as follows: (a) Corruption always involves more than one person. This need not be the case with stealing, for instance, or embezzlement. The lone operator in corruption is virtually non-existent, and such cases usually fall under fraud. One instance is making a false declaration of travelling expenditure or hotel bills. But even here there is often a silent understanding between officials who practise such fraud to let the situation prevail.¹⁵ (b) Corruption on the whole involves secrecy, except where it has become so rampant and so deeply rooted that some powerful individuals or those under their protection would not bother to hide their activity. But nevertheless, even here the corrupt motive is kept secret. (c) Corruption involves

14. The term 'criminal', as used in this book, is not meant to be taken in the sense of a subjective value judgment. The criteria of evaluation are those upheld by the societies referred to, in our present context, Asia and the West. Their roots are to be found in the great religions such as Islam, Christianity, Buddhism and Hinduism, and in all the humanistic traditions of the western world. There is a wide range of agreement on fundamental values, and it is these values that serve as criteria to distinguish criminal behaviour from non-criminal behaviour.

15. One avenue for fraud is the claiming of excessive mileage allowance. This is usually done by increasing the frequency of trips, in the performance of duty. A civil service system like that of Malaysia or Singapore which allows mileage claims will have to face the problem of fraud in this respect.

an element of mutual obligation and mutual benefit. The obligation or benefit need not always be pecuniary. (d) Those who practise corrupt methods usually attempt to camouflage their activities by resorting to some form of lawful justification. They avoid any open clash with the law. (e) Those who are involved in corruption are those who want definite decisions and those who are able to influence those decisions. (f) Any act of corruption involves deception, usually of the public body or society at large.¹⁶ (g) Any form of corruption is a betrayal of trust. (h) Any form of corruption involves a contradictory dual function of those who are committing the act. When an official is bribed to issue a business licence by the party who offers a 'gift', the act of issuing the licence is a function of both his office and his self-interest. He acts in a dual contradictory function. The same may be said of the party offering the bribe. Applying and receiving the licence is a function of his lawful business interest, but resorting to bribery is not. (i) A corrupt act violates the norms of duty and responsibility within the civic order. It is based on the deliberate intent of subordinating common interest to specific interest.¹⁷

16. Though we are here concerned with corruption involving government officials or officials of other public institutions, our concept of corrupt behaviour should not accordingly be restricted to such an instance. We can have corruption between public and public, as in the case of the bribery of voters by election candidates. But this is also a form of deception where the law of the country prohibits such practice.

17. 'A corrupt act violates responsibility towards at least one system of public or civic order and is, in fact, incompatible with (destructive of) any such system. A system of public or civic order exalts common interest over special interest; violations of the common interest for special advantage are corrupt.' H.D. Lasswell and A.A. Rogow, *op. cit.*, p. 132.

The above list of characteristics of corruption could be extended. It is by no means exhaustive, but it is sufficient to function as a set of criteria by which the phenomenon of corruption can be classified. For an act to be classified as corrupt it has to contain all the above characteristics. These characteristics are drawn up through enumerative induction. During the past forty years, in which I have witnessed or heard of acts of corruption too numerous in form and content to recount, I have not come across a single instance where these traits are absent. The only possible exception is where corruption is difficult to distinguish from criminal extortion, where the party who bribes is compelled to do so, grudgingly and resentfully, and where the bribery is not considered as a necessary outlay for future gain. In such cases the victims kept no secrecy.

At this juncture, the description of corruption is not meant to be evaluative. The terms 'betrayal', 'deception', and 'unlawful', are used here in a neutral sense, without judging whether the act as such is good or bad for the particular society, and here again, good or bad as conceived by the society concerned. We shall deal with this later, in connection with the role and effects of corruption in the underdeveloped countries of Asia and Africa.

It is generally admitted that corruption is an age-old problem and that all human societies, except the very primitive, are, to some extent, in varying degrees, affected by corruption. Depending on the degree of corruption, and a set of other conditions, it has been successfully pointed out that the viability and development of a political, social, cultural or economic order, need not necessarily be stultified or thwarted by the mere presence of corruption. Some observers go further

and claim that in some instances corruption has helped to promote economic development and efficiency.¹⁸

It has also been suggested that bureaucratic corruption today in underdeveloped countries is either encouraged by or merely continuous with the traditional offering of gifts to those in office or holding certain powers.¹⁹ A lag in administrative adjustment in some areas and the persistence of earlier outlooks had contributed to the problem of corruption. As Wertheim described it with reference to Indonesia, 'First of all we have to take into account that the post-war forms of so-called corruption still frequently conceal relics of the traditional social structure. Village headmen for example are still unpaid, so that they have to maintain themselves by partly legal, partly illegal levies on the population. The patrimonial-bureaucratic substructure still influences all other sections of society, while traditional family ties continue to clash with

18. For instance, see Myron Weiner, *The Politics of Scarcity*, University of Chicago Press, Chicago, 1962; Herbert J. Spiro, *Politics in Africa*, Prentice Hall, New Jersey, 1962; O.P. Dwivedi, 'Bureaucratic Corruption in Developing Countries', *Asian Survey*, vol. VII, no. 4, April, 1967; N.H. Leff, 'Economic Development Through Bureaucratic Corruption', *The American Behavioral Scientist*, vol. VII, no. 3, November, 1964; Colin Leys, 'What is the Problem about Corruption?', *The Journal of Modern African Studies*, vol. III, no. 2, 1965; and D.H. Bailey, 'The Effects of Corruption in a Developing Nation', *The Western Political Quarterly*, vol. 19, Dec. 1966.

19. 'And while traditional gift-giving can be distinguished from a bribe of money, it is quite obvious that from the point of view of the giver the one has shaded into the other, so that although the practice has taken on a new significance, as the open gift of a chicken is replaced by a more furtive gift of a pound note, it is nevertheless an established fact of life, in which the precise nature of the rule-infringement is partially concealed by continuity with an older custom.' C. Leys, *op. cit.*, p. 225.

modern concepts of morality in public affairs. 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.²⁰

A discussion of corruption may be divided into three problem areas: (a) the function of corruption, (b) the causes of corruption, and (c) the ways and means of eliminating or restraining the influence of corruption. So far no trend encouraging and promoting corruption as an ideal has emerged among social scientists. Even those who claimed to see some positive aspects of corruption have not recommended it for development but only tolerated it. It is apparent that there can be no sufficiently fruitful insight into the subject if these three problem areas are not covered at the same time in an analysis, at least at this present stage of enquiry where there is still a lack of conceptual differentiation and methodological caution. The underlying methodological assumptions on social causation, on historical continuity, on the emergence of new cultural values, on the identification and interpretation of social phenomena have to be brought into the area of discourse.

The Functions of Corruption

It will shortly be apparent that suggestions on the causes and function of corruption in underdeveloped countries have suffered from serious methodological shortcomings. The best instance at hand is the claim that corruption has some positive contribution to make for the progress of underdeveloped areas. The first objection we may raise against Weiner and Spiro, and many others dealing with the problem is that they did not first meaningfully define and differentiate substantially

20. W.F. Wertheim, *op. cit.*, p. 125.

the concept of corruption into the three major types, and then assess its function in terms of each of these. Extortion, nepotism and bribery each possesses a distinct dynamics and phenomenology. Their effects and functions with reference to development differ according to the context of a country's situation and cultural background. If we desire to appraise the functions of corruption in a particular context, we will have to assess each of the three separately.

Many observers like Weiner and Spiro, to mention only two, generalize about the function of corruption in a particular country like India, or a particular region such as those in the underdeveloped areas, on data derived from a particular type of corruption. It has been suggested by Weiner that by bribing the officials the businessmen could get things done which otherwise would have taken a long time, owing to innumerable regulations. 'Indeed, the *bakshish* system is not as disruptive as might first appear. It lends to the administrative system discretion and flexibility (which admittedly are provided by other means in other systems) without which many businessmen would find it difficult to function.'²¹ Weiner noted the view of many businessmen that if government were to impose all the regulations, business and economic growth would come to a grinding halt. He appeared to endorse this view when he said, 'On the other hand, we have tried to suggest in our study that efforts to influence local administration, even through widespread corruption, are not wholly detrimental to political, and perhaps even to economic, development.'²²

21. Myron Weiner, *op. cit.*, p. 121.

22. Myron Weiner, *op. cit.*, p. 235. Weiner recognized the detrimental effect of corruption but saw it as not altogether detrimental.

As a statement of fact limited to the type of corruption concerned, there is no disagreement with Weiner. As a matter of fact, people living in such an area are fully aware of the instrumental function of corruption for specific purposes. Some of them have done a bit of theorizing. In a discussion with a businessman in Jakarta several years ago, I was made aware of a significant classification of corruption suggested to me by this businessman. This gentleman, who is still active in business, and who constructs and sells houses and engages in internal trade, is an honest and philanthropic man. He classified two forms of corruption, but had been involved with only one of these. He said that in cases in which he had been involved, he was merely paying for his right. The instances he cited were: obtaining approval for certain construction programmes, an exit permit to go abroad, and a host of other approvals required by regulations which are non-competitive but merely routine in nature. In these instances he claimed that he was merely buying his rights; in other words, he allowed himself to be extorted. The government officials forced him to offer bribes; otherwise, his business would come to a grinding halt.

It would be different, he suggested, if he were to deprive other people of their rights. For instance, he could attempt to pay a heavy bribe to get an occupation permit for a house, thereby depriving another more entitled to it by right. Or he could pay to buy a job for an undeserving relative, or buy a licence for a pump station. This type of corruption he considered wrong and unethical.²³ Whatever his views were

23. This gentleman is sufficiently well-versed in Islamic thought and history. It is possible that he is aware of Muslim thought on corruption. Mustafa Ibn Abdullah, known as Katib Chelebi (A.D.

on the subject, the interesting point for us is his classification of corruption into types. He clearly brought forward the extortive type of corruption, and it is this type of corruption which Weiner, Spiro and some others consider as functional within the actual set-up in underdeveloped countries.

Without denying that fact that such a type of corruption does act as a promoter of efficiency in this particular context, the fact is not of great interest for planning or research, for the simple reason that it belongs to that category of findings which is obvious. It is a known fact that the expansion and sophistication of criminal activity has, in several instances, increased the efficiency of the police, just as it is a fact that the miseries suffered by countless victims of cancer have helped cancer research. Such a viewpoint is not of much use since almost everything happening under the sun can be said to be positive in some way. We are more interested in the total context, the context of society which has made graft 'the oil that makes the administrative machinery operate quickly'. It is when we consider graft in the total context that we get a different picture of the function of extortive corruption. The following examples can be observed by anyone who has the time and patience to look out for the effects of extortive corruption:

- (a) The infinite frequency of graft transactions involving countless millions of dollars and hundreds of thousands of business decisions in the underdeveloped countries

1609-1657), the Turkish scholar, had written an article on bribery and referred to earlier sources. Bribery was classified into (a) that which was forbidden for both parties, and (b) that which was forbidden to one party, namely the receiver. The latter was approved if the intention was to avoid harm. See Katib Chelebi, *The Balance of Truth*, tr. G.L. Lewis, Allen and Unwin, London, 1957.

becomes a burden to the public, since the cost of graft is eventually passed on to the consumer. Where there is no effective price control, manufacturers and businessmen always attempt to transfer the burden of legal taxation to consumer. The same holds true of graft, which is a kind of illegal taxation.

- (b) Though graft helps to promote efficiency in particular cases, it tends to lower the efficiency of the civil service as a whole. In an office or a department riddled with corruption, the efficiency norms of the bureaucracy has always to be subordinated to the norms of the graft ring. Efficient and honest civil servants have been known to be transferred or blocked from promotion if their presence or promotion affects the interest of the ring.
- (c) In actual practice, extortive corruption is a phenomenon which tends to spread rapidly, bringing along with it negligence and inefficiency. It is never restricted to one form. The habit of doing something illegal and subversive becomes transferred to wider and wider circles, unless effectively restrained. The type of bribery alleged to promote efficiency has the tendency to develop and extend the habit in areas where it is difficult to promote efficiency.
- (d) Corruption undermines respect for the constituted authority. This in turn leads to all sorts of problems. It tends to deprive a government of public support, and alienates public devotion to government's aims.

Furthermore, such bribery is not always effective. Within the context of corrupt relationships, there is also competition based on corruption norms. Those who pay most are not always the ones who succeed. The trustworthiness of the bribe-giver, the extra favours he could offer, like providing