

Global Corruption and International Efforts in the Fight against Corruption

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We all understand what corruption is. I am not going to spend much time trying to explain it. We know it when we see it. We know it when we hear about it. Unfortunately it occurs even when we do not suspect it. Being many times a silent and secret crime it could just smoothly take place without anyone even knowing. For example tax offences. In order to save some taxes a businessman could just have a private negotiation with a tax officer, both gaining, both happy with only the state being the loser.

No country in the world is immune from corruption. Corruption like prostitution, survives monarchy, dictatorship, democracy or any form of government. Even in the most perfect countries with very good scores in the Corruption Perception Index or even the Human Development Index you can find corruption. Why? Because, it is part of human nature. Greed, we are all greedy to a lesser or greater extent. We are human beings and therefore prone to temptation, prone to competition and jealousy. As they say, even a saint will steal if he gets a chance.

Living in developing countries I get the feeling that corruption is like a river. A river whose level rises and falls with changes in season. Corruption is more or less like that. It goes up and down with changes in government, government policies and law enforcement. In many years like some rivers dry up or change course, corruption may also disappear in some areas or change course in others. But it takes a lot of effort a lot of smartness. Let me give you examples. In a country with heavy corruption in the railway booking system, introduction of computerization could wipe out corruption overnight. Change in import policies, wherein huge import duties led to gold smuggling and corruption changed the scenario overnight when the government announced no more import duties for import of gold.

Since we are in a University campus, I would like to say that Corruption is a very interesting multidisciplinary subject. It has economics in it, politics in it, sociology in it,

psychology in it. Some of the more science oriented friends may even find traces of mathematics (that I do not understand much) in it.

Lets talk very briefly of two main ingredients of corruption economics and politics.

Economics of Corruption

Let me ask this question. Is not corruption an economic activity more than anything else? Is it not related to the innate quest of man to continuously improve his or her lot? To generate gain?

Let us consider a simple instance of bribery by the street cops in Jakarta. For almost all traffic offence you can get away by paying a bribe of 50,000 Rupiah. How can you stop this petty corruption? Adam Smith would offer the solution of increasing the salary of the traffic cop and also increase punishments for getting caught. So that the costs from dismissal is much more than the gain from corruption if caught. A new set of rewards and punishment and a new equilibrium balancing this needs to be found.

In order to acheive a new equilibrium then, the state also has to spend. It has to invest in salaries. State will have to become harsher with punishments. Is the state state ready for this? Or is it happy with the current equilibrium wherein corruption in the streets exists wherein the people are not harrassed too much and the police also can make a little pocket money. The conclusion therefore is Fighting corruption costs money

Politics of Corruption

Corruption is a highly political issue. What we are seeing in Indonesia today is the politics of corruption in top spin. *Politics "of" corruption arising out of political corruption.* Let me explain a little more about political corruption.

As we talk today, Prita Mulyasari's trial is going on. Prita Mulyasari as you know is a housewife who vented her frustrations against a hospital for poor service on the internet. In turn the hospital in Banten filed a case for defamation. The Police and AGO took up this case with severity, initially charging her to be jailed for 6 years. She also

underwent pre trial detention for many days, until a facebook group rescued her by crying foul against this bizarre injustice.

Facebook and tweeter and internet have today become the superheroes in the fight against injustice. Earlier we could expect Superman, or Batman to suddenly spring up and save the situation. But today we look to Facebook. A million participants on facebook on an issue and the government sits up and acts. As my colleague in office said, In 1998 we were out in the streets protesting, but today we prefer to protest through facebook groups. Whether it is relating to Prita Mulyasari or the KPK, facebook protest is preferred over going out on the already traffic jammed streets of Jakarta.

The simple conclusion here is that powerful state institutions are being used by the rich and the influential to harass the poor. Of course, there is an assumption that money is the consideration here, corruption is the basis. But it's just not the poor that are being harassed. The same rich and entrenched interests, this time in the form of the unholy nexus between parliament, business and bureaucracy are able to challenge even state agencies and institutions that stand in their path. No country can afford powerful institutions with great powers to become tools in the hands of politics. It is too dangerous for liberty and freedom.

Can this kind of injustice be avoided? Karl Marx says, that the executive of the modern state, is merely a committee for managing the economic affairs of the bourgeoisie. Further, Marx says the legal institutions of the state are but superstructures giving expression to the productive forces of the economic system.

We need not agree with Marx, but there is indeed a lot of truth in what he says. The government in power needs money to fight elections. Money comes from big business. Once elected, the government and the legislature have a pact with the business to protect their interests. This is the story of grand corruption. Corruption in high places about which the common man does not even get to know. As all he sees is the petty corruption by the minor bureaucrats.

"Political will," is needed to fight corruption.

Very Correct. I do not think there are much different opinions on this issue. But we need to analyse in which direction political will is flowing ? " to fight corruption or sustain corruption."

You may then ask the question, why do countries fight corruption at all? Amartya Sen in his recent book, "The Idea of Justice," starts a chapter on Institutions and Persons, with the words, "goodness has much to do with smartness," quoting the great philosopher Wittgenstein. Governments may do good things for many reasons, like being a welfare state or because it is the party ideology or public opinion. But they might do such good things because it is also the smart thing to do. Which makes them popular, earn goodwill and in turn help win elections and retain power.

Political will, therefore, to promote anti-corruption (a good thing) can be the by product of doing the smart thing for governments. It gives them the image of being a no nonsense, integrity conscious, public opinion respecting, tough government. This is smart as it gives them better popular ratings, takes the wind out of the sail of the opposition and helps win elections.

I would argue that in most cases political will to fight corruption would come from shrewd calculations. Political will of an enlightened "Ashoka" or "Solomon" like leadership would be a rare occurrence. In other words fighting corruption needs guts which in most cases being absent, we can only look to a weak consensus or irritating public pressures upon government that transform to political will.

Voice and anger against corruption

Student movements have helped change the course of history many times in the last 100 years. Whether it is Indonesia or the United States, France, Thailand or Korea,

university campuses have boiled with anger and provided the critical mass to ignite change. Students know that they can make a change, students get frustrated by the contradictions that they see, and they have the much needed anger, passion and idealism. Of course today many of the students turn to the face book to vent their anger, unlike some years back when they would take to the streets. But whichever way they choose, students indeed have a very powerful voice.

The biggest allies of the students are the people's voices. Each complements the other. Peoples voices that come from community movements, associations, NGOs. The role of the media and the civil society in venting this anger is also great. One of the great things about Indonesia is that you have a free and vigilant press. You have a progressive civil society and most of all a energetic and passionate student population.

You have enough fuel to fight corruption. Fighting corruption needs a voice, needs anger. You have it.

I would not like to downplay the importance of ethics, morals and religion in controlling corruption. They have their own important roles, but I am not delving into it due to time constraints.

International response against corruption

Primarily corruption is a national problem and countries have to take action within their own boundaries. However, the globalised world of today with multinational businesses, transnational crime, international banking and finances, and the almost free movement of people and information necessitates international moves against corruption. And this is because countries have realized the gravity of the threat of corruption and its twin transnational crime. I must say that progress has been made in this front but far more needs to be done. Let me give you 3 instances from International response against corruption.

1. Global Compact 10 years ago the United Nations called on the leaders of the Business Community to enter into a Global Compact. A compact or agreement of shared values and principles to main stream 10 important principles in business activities. This principles cover human rights, labour, environment and anti-corruption. “Business should work against corruption in all its forms including extortion and bribery” is the 10th principle of the Global Compact. The aim is to ensure that the globalization that business leads is responsible and value oriented. It is today the world’s largest sustainability initiative with over 6000 business enterprises as members.

UNCAC: The United Nations convention against Corruption with over 140 parties to it is the global agreement among countries to fight corruption. Prevention, law enforcement, international cooperation and asset recovery are the main pillars of the UNCAC. It makes it mandatory for countries to criminalise corruption offences like bribery, misappropriation, embezzlement and money laundering. Countries are obligated to have anti-corruption prevention strategies and independent agencies to counter corruption. They are also called upon to undertake more openness in government through accountability and transparency in governance and especially ensure integrity in the justice sectors. Recently in the 3rd conference of the States Parties to the UNCAC in Doha earlier this month a new review mechanism has been finalized so that countries progress in implementing the convention can be reviewed.

FATF: Financial Action Task Force, is an intergovernmental organization founded in 1989 by the G7 countries. The purpose of the FATF is to develop policies to combat money laundering and terrorist financing and ensure that members adhere to it. 35 members now, with several more member in associated groupings like the Asia Pacific Group (APG) form part of this. Non-Cooperative Countries or Territories" (NCCTs) are identified and published leading many of them to change their policies.