

The Development of Corruption in Indonesia (is Corruption a Culture of Indonesia?)

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Abstract-The problem of corruption in Indonesia continues to be headlines almost every day in the Indonesian media. Even after the New Order's authoritarian regime collapsed, it was clear that the practice of corruption had proven to be a tradition and culture which had widespread, entrenched and influenced the community and the Indonesian bureaucratic system, starting from the center to the lowest level of power. The community becomes familiar with the practices of corruption that occur around them and even it raises a view that corruption has become part of the culture. This paper discusses corruption practices before and after independence. The practice of corruption before independence included the reign of the archipelago kingdoms and the era of Dutch occupation. While the practice of corruption in the period after independence was in the era of the Old Order, the New Order and the Reformation, including efforts to fight corruption. However, the efforts to eradicate corruption are not as easy as turning hands. The inadequacy of the law in the presence of powerful people plus the lack of commitment from the government elite are the source of why corruption still thrives and becomes a culture in Indonesia. Surely, this negative situation must be resisted because both in Pancasila and the 1945 Constitution are never written that corruption is a culture that exists in this country.

Keywords: *Corruption, Culture, Anti-Corruption Law*

I. INTRODUCTION

Corruption in a juridical context is defined by various approaches in various countries, but in general there is still a point of equality in its definition. Organization for Economic Co-operation and Development (OECD) defines corruption widely which refers to the abuse of private or public positions to serve personal interest [1]. This definition is similar to Transparency International (TI) which describes corruption as using public positions to serve private gain. TI extends the definition of corruption as using trusted power to generate personal benefit [2]. These definitions from TI cover corrupt practices in public and private sectors, and any offenders are responsible for their actions.

The development of corruption in Indonesia continues to increase from year to year, both from the number of cases that occur and the amount of state financial losses and their scope that covers all aspects of people's lives. Corruption cases in Indonesia which currently appear in the mass media are actually a small part of the reality of corruption. For many people corruption is no longer a violation of law, but merely a habit. Modus of corruption includes: mark up, budget, embezzlement, fictitious reports, bribery, fictitious activities/projects, liability

collection, improving authority, deduction, gratification, extortion, double budgeting and mark down [3].

In a comparative study of corruption between countries for a certain period conducted by Transparency International, Indonesia always occupies the lowest position. Based on the Corruption Perception Index (CPI) in 2018 Indonesia is ranked 89th out of 180 countries. The score obtained by Indonesia is 38 with a scale of 0-100. The lower of the score means the more corrupt the country, and vice versa. When compared with 2017, Indonesia ranks 96th with a score of 37 [4].

Corruption is a fact that cannot be excluded in understanding the dynamics of the Indonesian social life both in the present and in the past. Corruption as an act is a fact that arises not as a single thing, because it is related to other factors such as large amounts of public resources derived from natural resources, vested interests and politically connected networks, poorly paid civil servants, low regulatory quality, and weak judicial independence. In addition, local officials are given wide discretionary power and resources without proper accountability and enforcement mechanisms [5].

Relating to the condition and development of corruption in Indonesia, there is a statement mention that "corruption in state land is like an illegitimate inheritance without a will"[6]. This is caused by the corruption remains sustainable and it have been a culture for a long time, so corruption tends to be considered reasonable by the perpetrators of corruption. In fact, many say that corruption that occurred in Indonesia is a culture and it happens for generations. One of them said this was Bung Hatta, the nation's proclamatory [7].

II. FINDINGS AND DISCUSSION

1. The Pre-Independence Period.

In the order of the feudal bureaucracy, the king is owner of the land and all that is on it. The people and officials are subject to taxes, rent and tribute, and additionally perform "forced" work obligations. All this is imposed on the community and carried out within the framework of custom, culture, and hereditary habits. If in the modern view such work is considered forced labor, but in the view of the traditional community is service and all of that is considered as something appropriate. To

manage and supervise these vast lands the king surrenders to the princes and nobility[8].

In this chain of tax collection, rent, tribute and compulsory work, they have a great chance to commit various frauds, because there is no clear and strong regulatory body. Tribute takers or taxes from the people that will be handed over to their superior officials, by courtiers are often corrupted. For example, 'Demang' (head of village) corrupts the results of collecting taxes and tribute from the people that must be submitted to the regent. Similarly, there is an opportunity for the regent to corrupt when hand over taxes and tribute to the King or VOC (*Vereenigde Oost-Indische Compagnie or the Dutch United East India Company*). During the *Cultuur Stelsel* period there was also a practice of mass corruption which was very detrimental. At that time, the farmers only got 20% of the total yield and it was assumed that 20% of the other crops were brought to the Kingdom of the Netherlands. The rest is 60% of the harvest becomes tribute and taken by local officials illegally, from the village to the district level [9].

During the period of the 18th century, VOC had established itself as the dominating economic and political power on Java after the crumbling and collapse of the Mataram Empire. This Dutch trading company had been a major power in Asian trade since the early 1600s, but they started to develop an interest to interfere in indigenous politics on the island of Java in the 18th century as that would improve their hold on the local economy. The attitude of taking advantage of the situation that developed in several kingdoms became a feature of the strategy carried out by the VOC in building its power in the archipelago. Even the VOC often applied *divide et impera* politics to obtain its political power. VOC finally got the highest position in Banten, Mataram, Makassar and other kingdoms in the archipelago. Another strategy that is also often used is providing facilitation payments to obtain monopoly rights and various types of privileges from indigenous rulers [10].

However, the monopoly of VOC was destructed by the fierce competition from the English East India Company resulted in the slow demise of the VOC towards the end of the 18th century. In addition, the accounting system, a very conservative marketing operation, the bad leadership and management work, contributing to worsening the VOC's financial condition at the end of its existence [9]. As a result of the weak system of leadership and oversight are the increasing smuggling, clandestine trade, and the expansion of private businesses that utilize VOC facilities such as the delivery of personal merchandise on VOC vessels [11].

Many acts that undermined the VOC from internal became increasingly severe with widespread corruption ranging from low-level to high-level employees, as a result of the insufficient salaries felt by employees, from low to high levels. From many actions which undermined

the existence of the VOC, corruption was the most prominent. In 1775, the total VOC debt totaled 136.7 million guilders. The VOC can no longer be helped. The Dutch government finally decided to dissolve the VOC on 31 December 1799. All the debt and wealth of the VOC was taken over by the Dutch Government [12].

2. *The Post-Independence Period*

During the Old Order era, under the leadership of President Soekarno, the Government issued regulations on eradicating corruption because of the lack of fluency in efforts to eradicate corruption. Therefore, it was necessary to create and ratify a work rule to break through obstruction to eradicate corruption. Starting on April 9, 1957, Corruption Eradication Regulation No. Prt/PM-06/1957 issued by General A. H. Nasution, Military Ruler of Indonesia at that time.

One of the efforts made to support efforts to eradicate corruption was to form PARAN (Panitia Retooling Aparatur Negara/The State Apparatus Retooling Committee). At that time, PARAN's task was to make sure all government officials filled out the documents provided, which contained a list of state officials' wealth. But on his journey, PARAN was widely opposed by state officials who took refuge behind the President's power so PARAN's efforts to eradicate corruption stagnated.

After the PARAN assignment was handed back to the government, the government launched "Operation Budhi". This operation aims to forward cases of corruption and fraud to the court. The target of this operation is state-owned enterprises and state institutions indicated that there is a practice of criminal acts of corruption. In the period of 3 (three) months after "Operation Budhi" was launched, the government could save the state money in the amount of approximately Rp. 11 billion, which amount was quite a large amount at that time. However, in reality, "Operation Budhi" also experiences obstacles from corrupt suspects who are absent from summons or avoids the examination of authorized officers.

Then on April 27, 1964, the President formed KOTRAR (Komando Tertinggi Retooling Alat Revolusi/The Supreme Command Retooling the Revolutionary Tool), which became the controlling body (substitute for "Operation Budhi" and PARAN) and was tasked with fostering, maintaining, and working for the revolutionary tools to have effective and efficient results. achieve the objectives of the Indonesian revolution. In the end, corruption eradication agencies and institutions that have been formed by the government in the Old Order era stagnated and could not perform their duties and functions optimally because of the lack of support obtained in carrying out these tasks. During the final years of Sukarno's rule, when inflation was rising out-of-control and when government officials were not able to maintain a decent living standard due to their low salaries and high

inflation rates, corruption under Sukarno reached its nadir point.

Corruption grew even worse New Order era. It began after General Suharto took over power from President Sukarno in 1966. Despite early efforts made by him to cut back corruption by the issuance of Law Number 3 Year 1971 concerning the Eradication of Criminal Acts of Corruption, but the effectiveness of the law was then very doubtful. Corruption during New Order era is mostly going on unchecked, and Suharto proved to be a master in distributing state resources to family members and other cronies. Suharto's rule could be divided into two periods. The early years were from 1966 to mid-1980s, this was the period in which the Indonesian economy was state-based with import substitution policies and the government ran most of the major enterprises. The later years started from mid-1980s to 1998, in which Indonesia followed World Bank's recommendation to privatize its economy and give private enterprises a bigger role in national development.

During his early years, Suharto's cronies were ethnic Chinese businessmen who have relationship with him. The indigenous Indonesians who received economic benefits from Suharto during his early years were mostly Indonesian army officers who allied themselves with Suharto during his tenure in the Indonesian Army. Suharto appointed many of these officers as cabinet ministers, high-ranking bureaucrats, and directors of state-owned enterprises, and they had ample opportunity to enrich themselves while they were occupying these positions. Rewarding these officers with economic favors also benefit Suharto, since they would not rebel against him after they have received these favors from him.

During his later years, Suharto started to change the beneficiaries of his policies from the Indonesian Chinese businessmen to that of his own family. As Suharto's families became more dominant in the economy, criticisms and opposition against Suharto's rule increased. It has become evident to Indonesians that there are many occasions where government rules and regulations were made to benefit Suharto's family, this in turn fueled criticisms and discontents against his rule. These criticisms reached a boiling point during the Asian Economic Crisis. When the country's economy sank into a deep depression, Suharto's ability to maintain his power and patronage decreased significantly. Finally, he was ousted in a popular uprising in May 1998. It is estimated that today Suharto alone is worth at least \$15 billion and the cumulative wealth of his family is about \$30 billion.

After 32 years of an authoritarian regime which ended in 1998 with the fall of General Suharto, Indonesia has undergone a successful transition from authoritarian rule to become one of the largest democracies in Asia and in the world. Indonesia embarked for a new phase called Reformation. Since 1998, the government has introduced a range of economic and political reforms aimed at

erasing the legacies of the old regime. Local governments have been empowered, the judiciary has been granted greater independence, and a national campaign against corruption has been initiated after corruption was acknowledged as a major problem affecting the Indonesian economy, politics and foreign investments. Nevertheless, the country continues to face several challenges with a deeply embedded patronage system and widespread corruption at all levels of government [18].

As the Law Number 3 Year 1971 is no longer in line with the development of legal needs, the government during the Reformation era promulgated the Law Number 31 Year 1999 which amended by the Law Number 20 Year 2001 concerning Eradication of Corruption Crime. Besides the amendment of Anti-Corruption Law, the government also passed the Law No. 28 of 1999 concerning State Administrators *Clean and Free of Corruption, Collusion and Nepotism*.

III. CONCLUSION

From a glimpse of the history of this nation, it seems that the culture of corruption that has been inherited from generation to generation beginning with Dutch colonialism, the Old Order and the New Order. However, when we regard the definition of corruption, it may be different from region to region, and from time to time. corruption occurs does not look at the background and can occur everywhere. Thus, the culture of corruption is not Indonesian culture or any nation. Culture of corruption is not the nature of Indonesians. Any tribe that lives in Indonesia has no culture of corruption, stealing or robbing.

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