Collective action in action

As discussed above, the principal-agent framework is not fit to analyze the issue of governance and corruption. On the contrary, the benefit of corruption is concentrated and immediate while the cost is diffused across society, leading to a classic collective action problem. Given the cynicism and mistrust that corruption breeds in a society, an individual may rationally ask himself why he should stay clean while his neighbors do not. Why play by the rules when no one is? For this reason, even when the entire society detests corruption and when the majority of the government is honest men, the problem persists in a wretched equilibrium. As a public good, fighting corruption will always suffer from free-riding and be in short supply.

And yet there is hope. The world is not consumed entirely by corruption—collective action problem does get solved. When talking about successful anti-corruption, we have often looked to the cases of Singapore and Hong Kong—yet these are highly idiosyncratic cases of small states and strong leadership, thus significantly reduce the difficulty of societal coordination. A better source for lessons for nation-wide reform is the past success of today’s developed democracies. In 17th century England, unprecedented reforms, leading to the accountability of the King to the Parliament and the Electors, were not good-willed proposals but political tools of the elites to protect their own interests. Similarly, when 19th century American cities were captured by powerful machine boss, the anti-corruption zeal was fueled by bitter political fight between power holders: old political bosses and their immigrant voters versus rising property owners and businessmen, who became disgruntled with increasing graft (Johnston, anti-corruption in transitioning societies).

All of these cases show that reform does not materialize because it is good for the public, but because it is good for a cohesive group with strong enough political power. When the conditions exist for the emergence of such group(s), there is a chance for reform to sustain and succeed. It is imperative to emphasize that it takes decades for this kind of tectonic demographic shift to happen—the America civil service went from 10% to 80% meritocratic in 40 years, its cities alternated between machine boss and legitimate parties throughout the first part of 20th century.

Do we find the same narrative of reform in Asia today? The tale of two countries, Indonesia and Vietnam, illuminates how the existence of political support for reform is the fundamental prerequisite.

Indonesia’s success

After the fall of President Suharto in 1998, Indonesia underwent major reforms in all aspects of state institutions, including basic political foundation such as the electoral system and an independent judiciary, as well as bureaucratic reform such as a consultative budget process and tight fiscal rules (Indonesia’s story).

But nothing exemplifies the reform success as the near 100% conviction rate of the newly created Corruption Eradication Commission (KPK). The Commission accomplished this statistic not by going after only small fish—on the contrary, the KPK has successfully prosecuted senior parliamentarians, bureaucrats, police officials, and business people.

It must be noted that these reform measures succeeded thanks to the convergence of various factors that leads to a strong political will. First, even during Suharto’s rule, a thick network of civil society was allowed to exist. Therefore, at the start of reform, there were already more than 11,100 functioning civil societies, including two largest mass-based Muslim organizations in the world. These organizations had had years of successful operations, which was crucial to facilitating trust and coordination among people. Second, Indonesian reformers pursued “accommodative reform,” i.e. enticing old powers to join rank by giving them a share in the new pie. For example, while new parties are facilitated, the old party of Suharto was not abolished. The decentralization effort did empower the local governments, but also offered rent-seeking opportunities for local elites. These were not first-best reforms, but without the compromise any reform wouldn’t have been possible at all.

Despite these successes, the KPK has been surrounded by ugly political battles, reminding us that anti-corruption encroaches upon the interests of powerful groups that are determined to maintain their stranglehold. In 2009, the KPK and the traditional police department attacked each other, leading to a series of arrests against KPK leaders and releases of wiretap evidence against the Chief Detective. The KPK also faced great challenge from the Parliament, which, in 2009, tried to restrict the wiretap ability of the KPK and replace the national corruption court with provincial courts, and in 2011, attempted to reduce the amount of jail time for graft offenders.[[1]](#footnote-1)

Throughout the saga, it was the Indonesian people who played a crucial role in protecting the effectiveness of reform. During the 2009 fight between the KPK and the police department, mass protests in urban centers and virtual domains (1 million online petitions were registered) led to the release of two leading KPK investigators. Even more admirably, the political will has maintained its strong current until today. In 2012, as the Parliament repeatedly stymied the KPK’s request for funding, millions of ordinary Indonesians pledged to donate their little money to the agency.[[2]](#footnote-2) A campaign that urged President Yudhoyono to support the KPK in its investigation of the multibillion rupiah also potentially reached more than 9.4 million internet users.[[3]](#footnote-3)

Case of Vietnam

Prompted by a 1997 rural unrest in Thai Binh against misuse of infrastructure fund, Vietnam implemented its own “grassroots democratization” as an anti-corruption initiative, epitomizing the demand-side approach to governance sans the vocabulary. The policy includes three prongs of approach: greater transparency (i.e. publishing local budget allocations), greater participation (i.e. incorporating citizens’ input in budget planning), and greater monitoring (i.e. allowing citizens to file complaints against local officials).

However, this implementation of this initiative fell flat with little participation from the citizens. Vietnam’s political landscape is marked by the dominance of executive power over the legislative and the judicial branch, leading to reasonable doubt about the possibility of sanctioning administrators based on their failure to deliver public services. Furthermore, under the shadow of a strong state, Vietnam’s civil society is very weak, with the majority of popular organizations coopted under the banner of the state-funded Vietnam Father Front (Misery, 18). The resulting apathy is hardly surprising—interview with local people show that, despite the greater opportunities to exercise their democratic rights, the villagers were only concerns if their personal livelihood was jeopardized. Many commented that they did nothing with regards to corruption because nothing would change old ways.[[4]](#footnote-4)

1. <http://blog.transparency.org/2011/07/22/indonesian-ngos-protest-an-unnecessary-revision-of-anti-corruption-laws/> [↑](#footnote-ref-1)
2. <http://www.nst.com.my/opinion/columnist/coin-by-coin-ordinary-indonesians-help-fight-graft-1.99940> [↑](#footnote-ref-2)
3. <http://www.thejakartapost.com/news/2012/11/30/taking-it-internet-people-power-20.html> [↑](#footnote-ref-3)
4. <https://www.cdi.anu.edu.au/CDIwebsite_1998-2004/vietnam/veitnam_downloads/Doung_Grassrootsdemocracypaper.pdf> [↑](#footnote-ref-4)