

Democratization, Market Liberalization and the Raise of Vested Interests and Its Impacts on Anti-Corruption Reform in Indonesia

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Abstract : This paper investigates the role of vested interests and its impacts on anti-corruption agenda in Indonesia following the collapse of authoritarian regime in 1998. A pervasive and rampant corruption has been believed as the main cause of the state economy's fragility. Hence, anti-corruption measures were implemented by applying democratization and market liberalization since the establishment of a consolidated democracy which go hand in hand with a liberal market economy is convinced to be an efficacious prescription for effective anti-corruption. The reform movement has also mandated the establishment of the independent, neutral and professional special anti-corruption agency namely Corruption Eradication Commission (KPK) to more intensify the fight against the systemic corruption. This paper will examine whether these anti-corruption measures have been effective to combat corruption, and investigate to what extent have the anti-corruption efforts, especially those conducted by KPK, been impeded by the emergence of a nexus of vested interests as the side-effect of democratization and market liberalization. Based on interviews with key stakeholders from KPK, other law enforcement agencies, government, prominent scholars, journalists and NGOs in Indonesia, it is found that since the overthrow of Soeharto, anti-corruption movement in the country have become more active and serious. After gradually winning the hearth of people, KPK successfully touched the untouchable corruption perpetrators who were previously protected by political immunity, legal protection and bureaucratic barriers. However, these changes have not necessarily reduced systemic and structural corruption practices. Ironically, intensive and devastating counterattacks were frequently posed by the alignment of business actors, elites of political parties, government, and also law enforcement agencies by hijacking state's instruments to make KPK deflated, powerless, and surrender. This paper concludes that attempts of democratization, market liberalization and the establishment of anti-corruption agency may have helped Indonesia to reduce corruption. However, it is still difficult to imply that such anti-corruption measures have fostered the more effective anti-corruption works in the newly democratized and weakly regulated liberal economic system.

Keywords : vested interests, democratization, market liberalization, anti-corruption, Indonesia

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