

Middlemen in the Corruption Bazar: India and Indonesia

Neelambar Hatti and Mason C Hoadley

During the past few decades systemic corruption has come to be seen as a significant factor which hinders socio-economic development, posing a serious threat to the political, economic and social well-being of many developing and transition countries. Under conditions of systemic corruption, many institutions, rules and norms of behaviour have become adapted to a corrupt modus operandi. Public officials and other agents not only follow the predatory examples of the elite classes, but even take instructions from them. In this context, the role of middle men in corruption is analysed here through the lens of a market or bazar model of interpersonal behaviour. It is the market of the corruption bazar rather than the traditional bazar which reigns supreme. The former is characterized by, among others, market distortions in the form of limitations on competitiveness and the free reign given to entrepreneurial intermediaries whose field of operations is seemingly unaffected by political outcry or even 'good laws', all reinforced by traditional values based on 'affection corruption'.

Introduction

The paper focuses on the role of intermediaries within what we have termed a 'corruption bazar'. More specifically, the role of middlemen in corruption is analyzed through the lens of a market or bazar model of interpersonal behaviour. It utilizes a comparative approach in drawing upon the contemporary experiences of India and Indonesia.¹ The latter is seen as somewhat less transparent, i.e., more 'corrupt', being ranked 118th, compared with India's 94th rank in 176 countries surveyed by the 2012 Transparency Perception Index (TPI). On the other hand, India is considerably more open in discussing the issue, thus providing insights into the working of systemic corruption. Despite pious denials by holders of official positions within the respective political elite and public administration that there exists a 'culture of corruption', realities tell a different story.² Indonesia's *budaya korupsi* and India's *brashtachar* norms are dictated by

Neelambar Hatti, Professor Emeritus, Department of Economic History, Lund University, Lund, Sweden, Email: Neelambar.Hatti@ekh.lu.se.

Mason C. Hoadley, Professor Emeritus, Center for Language and Literature, Lund University, Lund, Sweden, Email; Mason.Hoadley@sol.lu.se.

¹ An earlier version of some sections of this paper was published in *Sociological Bulletin*, 59(2): 216-234, May-August 2010.

² In the run up to the 2007 International Corruption Day (December 9), leaders from a number of Indonesian national organizations publicly marked their opposition to corruption by stating that it could be stemmed. At the same time, they denied that it is a part of Indonesian tradition. State Minister for Administrative Reforms Taufik Effendi said that corruption is not a part of the