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From a *culture of gifts* to a *culture of exchange* (of gifts)

An Indonesian perspective on bribery

Peter Verhezen

Often, business people claim that 'gifts' are necessary tools to get a contract. It seems that gifts - what I call 'disguised gifts' or bribery – are quite influenced by perception thus cultural interpretation or particular norms. I doubt the conceptual and even pragmatic viability of this cultural or relativistic approach.

No doubt, there has been a lot of research conducted with regard to the economic and political problems of bribery[1]. While the exact level of magnitude and pervasiveness of bribery is not critical for this essay, I first will attempt to conceptually distinguish a gift from a bribe, and then analyze bribery taking into consideration the cultural and moral perspective.

I will argue that despite the illegality of bribery – indicating a moral and legal disapproval of that behavior – gift can be clearly distinguished from bribery. Their conceptual differences become obvious when the nature of the relationships and alliances behind gifts and bribes are analyzed. Obviously, a number of similarities exists which make the disguising process and transgression from gift to bribery possible. It should be kept in mind that it is not the purpose of this essay to set a universal yardstick from which to draw the legal and moral line between praiseworthy gifts on the one hand, and illegal and unethical bribes on the other hand.

Often one runs into difficulty in distinguishing gifts and bribes where gift-giving is highly valued in contemporary cultures. While illegal in most countries, bribery is widely practiced in some countries, and thought necessary for successful financial performance. The basic rule to follow is the ancient adage of "when in Rome do as the Romans do". This essay will explore the curious but politically comprehendible phenomenon that bribery has often been defined as a purely cultural phenomenon.

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[1] For extensive political-economic analysis, I refer to
KIMBERLY, Ann Elliot (Ed), Corruption and the global economy, Washington DC, Institute for International Economics, 1997, 244p.
KLITGAARD, Robert, Controlling Corruption, Berkeley; LA, University of Cal Press, 1998, 220p.
ROSE-ACKERMAN, Susan, "Bribes and Gifts" in BEN-NER Avner & Louis PUTTERMAN (Eds), Economics, Values and Organization, Cambridge, Cambridge University Press, 1998, p296-328.
ROSE-ACKERMAN, Susan, "The Political Economy of Corruption" in KIMBERLY, Ann Elliot (Ed), Corruption and the global economy, Washington DC, Institute for International Economics, 1997, pp 31-60.

My hypothesis is that Java in Indonesia and other Asian regions have shifted from a (traditional) paradigm of “culture of gifts” towards a “culture of exchange (of disguised gifts)” as a result of (1) a recent ‘individualization’ process which is correlated with a degradation of strong social norms, and (2) weak institutions taking advantage of the similarities between gifts and ‘disguised gifts’. Would such a conceptual understanding - of what specifically constitutes bribery, and where it differs from a gift – give conceptual and moral ammunition to move away from bribery?

ROSE-ACKERMAN, Susan, Corruption and Government. Causes, consequences and reforms, Cambridge, Cambridge University Press, 1999, 266p

I. The gift mechanism and bribery

One of the characteristic features of a gift mechanism is its triad structure of reciprocity: to give, to receive, and to reciprocate or to render[2]. The gift in this mechanism is the giving of a gift whereby it is defined as an "action or allowance made without expectation, guarantee or certainty of return, and which, because of this fact, has a dimension of gratuity[3]." The gift mechanism establishes social relationships and bonds among members of different clans[4] and tribes, These bonds are characterized by a triad structure of reciprocity. Through the ritual of giving something to another, it implies the desire for authentic recognition, permitting the giver to enter into a social relationship.

The gift is defined as an expression of bonds - bonds of alliance and commonality. Taken to its extreme in traditional communities, the refusal to give or failure to invite, including the refusal to accept, would tantamount to a declaration of war. In receiving, the recipient acknowledges a willingness to enter into a relationship with the bearer of the gift, but this willingness is not without its challenges. In the words of the famous French anthropologist-sociologist Marcel Mauss: "A gift is received with a burden attached.[5]" To receive a gift is to reflect one's acceptance to undertake a challenge: to prove that one can reciprocate, implying that one accepts the challenge or obligation to render the 'honor' one day in the future. To refrain from reciprocating or entering into a relationship is the opposite extreme and this is simply signified by an unwillingness to accept a gift. Within traditional communities, this obligation to reciprocate is fundamental in social alliances and failure to reciprocate would mean a serious loss of face.

In contrast to gifts, a bribe is a payment or promise of payment for a service. Typically, this payment is made to somebody in power (often an official) in exchange for violating some official duties or responsibilities. "Bribes are payments made to agents by people who are not their principals, in return for a well-understood *quid pro quo*[6]." It is assumed

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[2] MAUSS, M., The Gift. The form and Reason for Exchange in Archaic Societies, NY, WW Norton, 1990 (1950), p.39

[3] CAILLE, Alain, "Gift and Association", in VANDEVELDE, A. (Ed), Gifts and Interests, Leuven, Peeters, 2000, p47. A more sociological definition could determine a gift as "every allowance of goods or services made without a guarantee of return, with a view of creating, maintaining or regenerating the social bond. In the relationship of gift, the bond is more important than the good."

[4] CAILLE, Alain, Anthropologie du Don, Paris, Desclee de Brouwer, 2000, 276
CHEAL, David, The Gift Economy, London; NY, Routledge, 1988, 227p
GODBOUT, J.T., L'esprit du don, Paris, la Decouverte, Livre de Poche, 1992, 2000, 357p.
GODBOUT, J.T., Le don, la dette et l'identite., Montreal; Paris, La Decouverte, 2000, 190p.
GODELIER, Maurice, The enigma of the Gift, Chicago, The Chicago University Press, 1996, 256p

[5] ibidem, p 41

[6] ROSE-ACKERMAN, Susan, "Bribes and Gifts", o.c., p 300-302. "The state's lack of organizational flexibility limits its ability to reorganize the agency relationship. A government uses agents where private businesses would simply sell their services directly. Conversely, the public sector uses contracts whose private firms would vertically integrate because of monitoring difficulties. Sometimes deregulation and privatization can correct these difficulties, but some constraints are

or understood that the agent has some discretion and monopoly power for bribery to occur and usually without any accountability for the secret payments[7].

Many, including the man on the street, will say that bribery is a purely cultural phenomenon, and that it is one form of gift-giving to express an appreciation of a relationship. Moreover, business people are using gifts to enhance their relationship with suppliers and clients, and where grease money is necessary to obtain something and to keep the gears of business moving, most will not hesitate since "that is how business is done here". What bribery is and how it is been perceived are often dependent on the cultural treatment of the constituent elements. "Where the relationships in question are genuine and the laws of the relevant society are such that the official duties of the relevant officials do not prohibit favoritism, this practice of gift giving cannot be called bribery[8]". When those relationships of favoritism take on an illegal character, one speaks of nepotism and possibly of corruption. Under particular circumstances, favoritism and patronage could imply some practices which according to strict "non particularistic" criteria would be labeled a bribe, but in Indonesia would be considered a real gift.

Allow me to note that the "when in Rome" argument confuses apparent relativism, where it looks as though bribery is commonly accepted[9]. The fact that those gifts are hidden, and that those "under the table payments" are not legally allowed, nor morally accepted by a majority of the citizens, undermines this relativistic reasoning to a great extent. If these 'gifts' were really proper, they would be above the table instead of below it. Obviously this relativistic interpretation or cultural perception of 'bribery' is still often used by business people and politicians trying to justify those transactions.

I believe that the transgression from gift to a 'disguised gift' – or bribery - is possible because of their **similarities**. In both cases, a disappointed individual cannot enforce payment through court. Alternative ways of compliance including extralegal mechanisms must be designed to induce the indebted party to act. Extralegal mechanisms are often (but not necessarily more) effective and sometimes cheaper than those available in the market. Trust, reputation and reciprocal obligations seem to function as informal enforcement mechanisms. Indeed, both gifts and bribes are based on a reciprocal

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inherent in the special nature of government services…Legitimate public functions cannot by their nature be organized like private markets. This fact implies that all incentives for corruption in public programs cannot be eliminated."

[7] KLITGAARD, Robert, Controlling Corruption, Berkeley; LA, University of Cal Press, 1998, p.75-87

[8] PHILIPS, Michael, "Bribery", Ethics, Chicago, 94, July 1994, p635.

[9] JOHNSON, Harold L., "Bribery in International Markets: Diagnosis, Clarification and Remedy", Journal of Business Ethics, 4, 1985, p448

relationship in which trust[10] and reputation are mandatory[11]. Obviously, relationships - whether "personal" or "social" -, networking and patronage are part of a gift mechanism. These informal mechanisms of relationships can facilitate altruistic transfers as well as corrupt deals[12]. Moreover, without the presence of a certain relationship, based on mutual trust, no bribe could occur. Precisely these similarities - of network, trust and obligations - allow a morally accepted gift to possibly transgress into an illegitimate bribe.

Nevertheless, some thoroughly **distinct** features allow us to conceptually and morally distinguish a gift from a bribe. In the ritual of the gift mechanism, one desires an authentic social recognition from the other party[13] through reciprocation. A delay in reciprocation symbolizes the fact that goods are given for the sake of the friendship and not for the sake of obtaining in return some goods for oneself. Aside from a deliberate delay, this gift mechanism does not necessarily require 'equality' but instead often aims at a form of hierarchy. Very often, an accounting mentality reflecting an unwillingness to be in debt to another prevails; hence, an unwillingness to enter in the longer term commitments that such debts entail.[14]"

In the maintenance of any stable social system[15], the 'norm of reciprocity' can be considered a concrete and special part of the mechanism involved. However, egoistic motivations might undermine this 'norm of reciprocity' by exploiting on power differences. Although morally improper according to traditional values, such exploitations might break off relations or even launch hostilities against those to whom one is still indebted. Through reciprocity, social interactions are initiated, conform to specific status-based obligations. Although gifts do not contain an explicit *quid pro quo* connotation, they logically imply some form of reciprocal obligation[16]. However, the gift mechanism is

[10] VERHEZEN, P., "Omkoping of gift" in VANDEVELDE, Toon (ed), Over vertrouwen en bedrijf, Leuven, Acco, 2000, p134-137. Note that although one might trust the private network or (Mafia) person securing some particular services, one does not necessarily have to consider that (Mafia) person as trustworthy. Trustworthiness does have a connotation with a moral virtue whereas trust is a way of dealing with uncertainty.
[11] Ibidem, p 303
[12] Admittedly, the improved trust between the corruptor (obligating a bribery fee in order to return a service, characterized by some monopolistic power) and the corruptee (paying a bribe to obtain a service) does not necessarily result in a cosy relationship of alliance or bonding. Nevertheless, a contractual relationship is established based on the trust; a *quid pro quo* relationship. Trust is the glue that combines and creates alliances for which the reciprocity requires a return in due time. Trust is not only related to personal ties such as friendship and kinship, but also makes institutions more effective. The lack of trust in government often leads to a demand for private protective services. Personalized relations facilitate deals in absence of an effective legal enforcement or of efficient institutions. The Mafia arose as a substitute for a failing government in which no one had any trust left anymore. When legal guarantees are not available, trust and its related networking become more important.
[13] CHEAL, David, The Gift Economy, London, Routledge, 1988, p41
[14] ANDERSON, Elizabeth, "The ethical limitations of the market". Economics and Philosophy, 6, 1990, p186
[15] GOULDNER, Alvin W., "The Norm of Reciprocity", American Sociological Review, 1960, vol 25, N2, p171.
[16] ROSE-ACKERMAN, Susan, "Bribes and Gifts", o.c., p299 and
ROSE-ACKERMAN, Susan, "The Political Economy of Corruption" in KIMBERLY, Ann Elliot (Ed), Corruption and the global economy, Washington DC, Institute for International Economics, 1997, pp 33-34.

suspicious of any objectification or even 'monetarization'[17] because as soon as the gift carries a price tag, it loses its intrinsic social value, and becomes a market exchange based on a quantifiable price. Hence, when a gift gives up its inherent character of social alliance, it fades into a pure material (market) exchange and transforms itself into a contractual agreement. It is often proven that markets are ideal instruments to break personal bonds and social alliances because it is the price mechanism rather than the relationship (through a gift mechanism) that is determining the exchange[18].

Another feature of the gift mechanism is the inherent ambiguity which distinguishes it from that of a market exchange. This ambiguity implies a certain contradiction since 'sharing' could become competitive and even conflictive. In other words, the gift reflects, on the one hand, a strong feeling of solidarity among its community members through those social alliances whereby one shares with one's community members. On the other hand, the gift could also lead to a strict hierarchy whereby the triad structure of reciprocity is sometimes used to outmaneuver the receiver who might not be able to render the gift. Consequently, the ambiguity of the gift itself could result in conflicts, contradicting its originally intended aim. Indeed, in traditional communities the gift if not reciprocated over time could become an issue of competition[19] and even of superiority.

In gift cultures[20], a person's social status is determined not by what he controls but what he gives away. Such a culture seems to be based on abundance instead of scarcity. Both the traditional village chief or king and the 'modern' multi-millionaire philanthropist do understand this reality very well - their reputation is based on their 'gifts' shared with others[21]. This exhibition of wealth shared constitutes a social relationship in which a certain form of reciprocity is expected and through which some forms of hierarchy could (most likely) be established.

In the transition from social towards utilitarian alliances, the gift could reveal itself as a disguised gift or a bribe. It is often carried out under the banner of the gift mechanism to exploit its social characteristics and to disguise its own murky illegitimacy. Aside from its questionable alliance, a bribe resembles more of a contractual market exchange than a

[17] CHEAL, David, o.c., p 246-248.
[18] KLAMER, A. & I. VAN STAVEREN, "Geven is geen ruilen. De gift in de economie", in KOMTER, A., Het Geschenk. Over verschillende betekenissen van geven, Amsterdam, Amsterdam Univ Press, 1997, p 108-122
[19] SAHLINS, Marshall, "The spirit of the gift", in SCHRIFT, Alan (ed), The Logic of Gift, London; NY, Rouledge, 1997, p70-95 & SAHLINS, M., Stone Age Economics.
[20] ONG, Aihwa, "Clash of Civilizations or Asian Liberalism? An Anthropology of the State and Citizenship", in MOORE, H.L.,(Ed) Anthropological Theory Today, London, Polity Press, 1999, P 50. Culture is here no longer considered a self-producing system but rather as contingent and disparate sets of values that are organized, manipulated and deployed in a power context. However, culture is not the starting point here, but relationships and its alliances between the community members.

socially binding gift. Another distinctive feature of bribery is that it tries to limit or even halt any possible circulation of products or services.

In a bribery exchange, the individual sees the immediate return of the investment (i.e. the money given by the briber) as a final achievement and one that is not intended to be necessarily continued. As with a market transaction, one does not have an outstanding liability after the exchange has been completed, other than being guilty or shameful for the illegal and immoral action itself. The immediate reciprocal nature of the transaction has paid off the debt. The briber and the bribee have "exited" the relationship, even though they might be bound by mutual silence following the transaction. In that sense, we could describe bribery and corruption as 'static' since the circulation of products is deliberately exited which contrasts to more 'dynamic' circulating gift exchanges. Neither the bribee (receiver) nor the briber (giver) has any intention to enter into a system of reciprocal rights and duties that carry with it a range of (social) obligations. It is this very possibility of an 'exit'[22] inherent in the relationship that makes market transactions and bribery "impersonal" and instrumental. Hence, one could speak of 'negative alliances' since the material object in this exchange is the primary focus of the relationship. Thus, bribery is based on a contractual or instrumental alliance, which contrasts with social alliances resulting from the gift mechanism.

This analysis indicates that market exchanges, gifts and bribes are all characterized by a kind of reciprocal obligation and an alliance. This reciprocal character itself is often translated into various forms of alliances - ranging from business network, *guanxi*, "old boys network" over patronage, paternalism, favoritism to clientelism, nepotism and even extortion. The shift in meaning of each of these alliances and network is apparently determined by the historical and cultural context in which they occur.

A striking feature peculiar to a bribe is the manner in which it is been conducted - usually occurs in the dark or in a secret manner - to hide its illegitimate character. A bribe presupposes an agreement of some kind: it must be understood that the payment in question is exchanged, or to be exchanged, for a specific relevant conduct. Typically, the bribed party is an official or somebody in power and the conduct in question is a readiness to violate some official duties. The purpose of offering a bribe is very often to seek some unfair or undeserved benefits or advantages. Here a bribe is distinguished from extortion where the 'gift' is forced upon the giver. Bribery is an agreement, whereas

[21] The possibility of generous gifts, beyond reciprocity and its ambiguity, falls outside the scope of this paper.
[22] HIRSCHMAN, A.O., Exit, voice and Loyalty, Cambridge, Harvard University Press, 1970, 162p

extortion is forced upon a victim. It is easier to morally excuse or justify for complying with the demands of an extortion[23] than for offering bribes. In practice it is hard to distinguish between a bribe and an extortion[24]. It should be remembered that a payment to request some favors is not necessarily a bribe.

[23] We like to note that those most vulnerable to extortion are nominally respectable business people with illegal businesses (for whom we believe no real excuse exists), and legitimate business people in a weak state who have no recourse against corrupt officials and for whom some moral excuse could be accepted though not justified. Paying "grease money" to get legally imported products out of the customs' warehouses is such an example of the latter.

[24] In the empirical research of Partnership for Governance Reform in Indonesia; UNDP Final Report 2001, Jakarta, the corruption by officials from the household could often be defined as extortion, as the individuals obtaining administrative certificates don't have much choice but to pay, unless accepting burdensome and considerable time delays.

II. Bribery: disguised gifts or market exchanges?

Having identified some similarities and differences between a gift and a bribe, my focus shifts to the transgression of a gift into a bribe, especially in Indonesia in the last couple of decades. Like in South Asia, Africa and Latin America, Indonesia has a culture where it is a popular practice to give gifts to superiors or chiefs. Statistics and studies have also confirmed that contemporary bribery is more prevalent among these countries than in developed western countries. In such cultures, the gift-giving customs are 'mores' that lead to bribery and corruption, and are often been confused as such. A gift - or shall I say a 'disguised gift' - to a public servant could easily be interpreted as an extension of such a practice of favoritism and even of corruption. Some researchers believe that some other specific cultural characteristics that place a great importance on personal relationships in those countries are prone to favor corruption[25]. In societies with an emphasis on personal relationships requiring a demonstration of loyalties, formalized codes of behavior not only carry less weigh, but are undermined or easily hampered by the display of loyalty vis-à-vis to friends. In such societies, an agent as proof of his loyalties to tribes and kinships would over-ride his duty to the principle or to serve the public. He or she creates an environment conductive to bribery.

Favoritism, loyalty to one's tribe and personalized ties are not always compatible with rules of efficiency of the market exchange. In cultures such as these, personalized relationships are highly valued. Seen from this perspective, such cultures would consider the very impersonal nature of the markets as illegitimate and even morally bankrupt. Here, people may believe that they should give freely to those within their families or groups and to expect that "gifts" will be made in return or reciprocated. Loyalty, friendship, kinship and personal obligations are considered far more appropriate, relevant and valuable than those distinct codified responsibilities which traditional communities often perceive as strange and unnatural. Many believe that personal ties with officials are needed to get things done and assume that gift-giving is very much a part of the culture. Gifts are proper rewards for assistance and services rendered. Taking advantage of this thinking, high-level officials have no qualms about making the system work to their benefits and will use strong networks and a web of patronage to guarantee loyalty from their subordinates. Instead of responsibility vis-à-vis the state – their principle - or any form of meritocracy, it is loyalty to and trust in family, friends and

[25] KLITGAARD, Robert, o.c., p 62-65

superiors that are the hallmarks of such 'personalized' communities that determine such behavior.

From Islamic texts and especially in the Sufi tradition, a reader may assume that crimes such as bribery are mainly derived from three sources, namely poverty, ignorance and greed[26]. That may be true, but those 'reasons' do not fully explain the shift towards rampant corruption. Other reasons that may facilitate bribery could be attributed to an environment that is characterized by weaknesses in political infrastructures and institutions, inadequacy of laws and regulations governing the eradication of corruption including the indifference of public participation in any eradication efforts[27]. Without positive role models, nor strong moral commitment from the leaders, the absence of comprehensive and systematic strategies combined with weak regulatory personnel to fight corruption are, no doubt, contributing factors though not necessarily the driving force behind growing corruption in Indonesia.

Having discussed some of the basic similarities found in gift and bribery, the reasons for the emergence of bribery may be found in a conceptual analysis of major cultural and moral thinking. If we look at some of the specific Javanese mores, we see that gifts are predominant in the traditional community: a village chief (*lurah),* regional governor *(bupati*) or a king (*sultan*, *sunan*) in (traditional) Java is obliged to provide for his community. The power of the king in Java can only be maintained if he shares with others his accumulated wealth, through gift mechanisms and rituals. In sharing his wealth with his members, a Javanese king (and *bupati*) has not only provided a form of security to his people, but also receives in return unconditional loyalty.

Another remarkable point worth considering is that no question is asked of how his wealth has been obtained. This is simply because there is no legalistic or moral judgment made on the process of wealth accumulation. Instead, the focus is mainly on (the ritual of) reciprocity, and not on the intentions or motivations behind the giving of gifts. Therefore, in this setting a corrupt village chief who shares is perceived as fairer than a honest one who does not share[28].

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[26] MAS'UDI, Masdar, "Corruption through the Perspective of Culture and Islamic Law", in HOLLOWAY, Richard (Ed), The Clampdown: in search of new paradigms. Stealing from the People, Jakarta, Aksara Foundation, 2002, p71-82

[27] SAID, Sudirman & Nizar SUHENDRA, "Corruption and Indonesian Society", in HOLLOWAY, Richard (Ed), The Clampdown: in search of new paradigms. Stealing from the People, Jakarta, Aksara Foundation, 2002, p107-141.

[28] This cultural anomaly was established during my discussions with Dr. AGUS NUGROHO and his colleagues of the Atma Jaya University in Jakarta in 2000. I also would like to draw the attention to the following thoughts: Those convicted of "corruption" are considered "wrong" in a Western context and those who withstand the temptation of corruption are considered "right". In a Javanese context, however, the yardstick is not based on right or wrong, but is based on the degree to which one 'shares', an important constituent of the gift. Somebody who is perceived as 'corrupt' might still be

In my hypothesis, ritual and ceremonial gift exchanges naturally have their place in cementing bonds and alliances to preserve harmony and peace in a very populated Java. However, through a strict social system of hierarchical responsibilities and well developed alliances, everybody seems to accept and respect his/her hierarchical place in this cosmological environment. Seen in this context of the hierarchical order of a Javanese, his actions and behavior would be very much dictated by his social status. He is trained to respect the hierarchies, and as a matter of survival is very much bound by a sense for social consensus. As an 'individual' in a traditional Java, he is completely encapsulated in a well-organized hierarchy limiting anti-social behavior to a great extent including that of questioning someone above his hierarchy. In this light, traditional gifts, often reciprocal by its social nature, do not specifically need formal 'accountability' (of individuals) and 'transparency'. Misuse of power has never ceased to occur, but were less related to the phenomenon of bribery as such. However, cases of corruption in traditional Java cannot be ignored altogether[29].

The notion of an autonomous individual (i.e. with a free will) within the traditional Javanese society has never really surfaced. The individual's aspirations, if any, are strictly embedded within the village constellation of consensus, hierarchy, respect and reciprocity, and he is expected to conform to the "collective expectations[30]" of the community. Through mechanisms of conflict avoidance and respect, both of which aspire towards social harmony, anti-social individualistic behavior like bribery has remained under control. Along this thinking, a person's generous conduct in rural Java is neither a matter of personal choice nor that derived from free deliberation with allowance for the possibility of behaving differently. It presents itself as "the only thing to do". When the 'individual' deviates from these traditional social norms, he has corrupted or broken the rules of the social relationships or alliances, and is likely to be reprimanded by the community.

Like the reciprocal nature of a traditional gift, the acknowledgment of social networking including 'patronage' through the triad structure of the gift mechanism does not provide

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considered 'right' to the community members as long as they share that wealth. Those who hoard but not necessarily corrupt is scorned as anti-social. Those who share the ill-gotten wealth, win status and authority. It is also very interesting to note that the Javanese and Indonesian languages do not have precise translations for the English words "bribery" or "fairness". Along the same line, quite a number of anthropologists registered reciprocities but did not classify bribes in so-called "traditional" societies.

[29] The earnest powerful VOC (under the Dutch colonization) fell under mismanagement and blatant corruption. However, the objective of social cooperation and alliances in traditional Java inherently kept anti-social behavior under 'control'. Unfortunately, but not unsurprisingly, aberrations such as rampant bribery could take root in this changed 'modern habitus'. An explanation of how the Dutch entrepreneurs in Java created the opportunity for corruption to emerge is beyond the scope of this paper.

the Indonesian elites, an increasingly mobile new social class, a justification that 'disguised gifts' should form part of the cultural (traditional) discourse. It is pure hypocrisy to use pseudo-traditional rituals to justify illicit exchanges to suit one's convenience. 'Disguised' gifts undermine the working of the logic of the gift, and subsequently destroy genuine social alliances and communities. In short, bribery remains inherently anti-social.

In exceptional cases, where the relationship or alliance in question is genuine and the laws of the relevant society do not prohibit favoritism or patronage (sometimes called 'clientelism'), this practice of gift giving cannot be called bribery[31]. The alliance in a bribe is contractual in spirit though not legally enforceable because of its illegality. Despite its conceptual connotation with gift, a bribe presupposes an agreement - a commercial and almost contractual agreement. However, a social alliance becomes increasingly a commercial alliance when the *quid-pro-quo* approach prevails. Seen from this perspective, traditional Java experiences a strong network of patronage and favoritism as an expression of those social obligations; in contrast, contemporary Java perceives patronage and favoritism as a traditional gift ritual to exchange objects and favors. In this context, we can assume the gift ritual has been corrupted, i.e. breaking down a social order instead of establishing a genuine social alliance to maintain social harmony.

However, growing urbanization, weak functioning institutions and the birth of the 'individual' have a hand in transforming traditional gifts into 'marketable objects'. In the process traditional relationships and alliances also undergo a shift in meaning in Java and at the same time erode such cultural structures. As social alliances erode, instrumental 'client alliances' and nepotism find favors in bringing about anti-social behavior like bribery. Without strong institutional barriers, bribery in Java seems to be the logical consequence of an individualization process[32] of gift rituals. We could, thus, conclude that traditional Java has been going through a transition resulting in a shift from a ***culture of gift (exchange)*** to a ***culture of exchanging (disguised) gifts***. This

[30] BOURDIEU, Pierre, "Marginalia- Some additional notes on the Gift", in SCHRIFT (ed), The logic of Gift, London; NY, Rouledge, 1997, p 231-244
[31] PHILIPS, Michael, "Bribery", Ethics, Chicago, 94, July 1994,, p635,
[32]: POLANYI, Karl, The great transformation. The political and economic origins of our time, Boston, Beacon Press, 1944 (2001), 317p. The 'objectification' and individualization process itself –we believe- is directly related to the conceptual assumption of an individual seeking self-interest at the expense of the community in which he/she lives. Instead of 'individuation' whereby the product *in se* has lost its social constitution role, we also could speak of the so called "monetarization" of the gift. It presupposes the decline of the traditional patrimonial institutions in Java and it implies the existence of a wealth maximising individual who we believe was hardly existed in a traditional Javanese community.

shifting of a gift to that of an exchange is, no doubt, caused by the individuation of the social mores in Java-Indonesia and the historical lack of efficient institutions[33].

There is no denying that another contributing factor to this shift is the often heard obsession of Javanese in this culture, for discretion. The traditional Javanese society has always been based on strong interpersonal relationships resulting from gift exchanges in which ties of loyalty, friendship and kinship determined the social behavior. This discretion, unfortunately, also provides a fertile environment for perpetuating bribe activities[34], and benefactor-beneficiary relationships[35] through a web of patronage instead of a formal agency-principal relationship. It should be noted that a Javanese political leader who for 32 years has refined the use this discretionary culture to such an extent, that it is capable of ensuring a strict form of patronage to align and link political and economic allies. Its effect is still felt to this day as the new 'democratic' leaders have not completely broken off with the system of patronage yet, nor could they.

To a certain extent, bribery in Java could be interpreted as a symptom of deep institutional weakness, ignited by individual greed[36]. Will those so-called gifts remain locked in the cultural caveat of private networking under the banner of traditional rituals[37] with hardly any accountability? Where the commitment to these rules is weak, or where the enforcement by the institutions (especially police and judiciary) is weak or inconsistent, illegal behavior can flourish. Rampant corruption is allowed to emerge

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[33] SHLEIFER, Andrei and Robert W. VISHNY, "Corruption", Quarterly Journal of Economics, 109, no. 3 (1993), p 609-611.

[34] The imperative secrecy entails another potentially important cost of bribery, namely its hostility to change and innovation.

[35] MOCHTAR, M., "Corruption in Indonesia- why it works and how to control it", o.c, p21.
TAMARA, Nasir, "Corruption in the Indonesian private sector", Ant-corruption forum, Worldbank , November 2001, 82p

[36] BLOCH, M. & J. PARRY, Money and the Morality of Exchange, Cambridge, Cambridge Univ Press, 1989, p18. It is not clear in my perception whether the individualization has given importance to trade and money as its medium of exchange, or whether the growing industrialization and urbanization with increased money exchanges has give rise to individualism. An interesting tale is that it was during the 11th and 12th century in Europe that avarice supplemented pride as the vice par excellence, significant, since it was a period of rapid urban growth and of a major expansion of market trade in Western Europe.

[37] The Indonesian perceptions of corruption is based on results from A National Survey of Corruption in Indonesia covering 2,300 respondents consisting of 650 public officials, 1,250 households and 400 business enterprises. The survey results showed approximately 70% of respondents to be firmly against corruption. However, in reality, when asked what their behavior would be in different corrupt situations, almost a third of respondents viewed corruption as "something normal" and would either pay up, take money or accept gifts. In the survey, "normal" carried the connotation as something "habitual" as well as "acceptable"; but the interpretation of "normal" did not necessarily mean approval or condoning of the behavior. The differences in responses provided a popular definition of corruption based on the perceptions of the different social groups. The pattern of responses suggested that the lower the rank of the public servant, the less the behavior was defined as corrupt. The discrepancy between public attitudes and behavior was most marked when it came to accepting a bribe, which is merely the flipside of paying a bribe in that both involve the same value compromise. Although more than two-thirds of respondents indicated they would accept the bribe, there appeared to be a perceptual differentiation between gifts and money, with non-monetary bribes such as material gifts not considered bribes per se. This subtle distinction underscores the difficulty in refining or redefining public attitudes towards the more culturally sensitive aspects of corruption.

victorious[38] simply because of the Javanese highly tolerant nature and a hierarchical system that apparently does not require accountability from a leader.

Currently, there seems to be a tendency in almost all cultures nowadays to condemn bribery as harmful to society[39]. Likewise, the majority of Indonesians wants high profiled corruptors to be sentenced and put in prison[40]. However, empirical data indicate an ambiguity about payments made to local officials (*lurah*) for services rendered. Many Indonesians in this case feel that such payments should not necessarily be perceived as corrupt or a 'bribe', but rather as 'normal'. One sometimes walks a very fine and subtle line in determining whether or not a particular gift is considered a bribe, especially in a discretionary culture such as in Java.

Values change over time and vary from place to place. In contemporary Indonesia the public attitudes appear to be firmly against corruption: approximately three quarters of the population denounce every known case and consider corruption or bribery a serious social problem and "a disease to combat". However, in a same breath the majority also openly admits not knowing how to effectively fight or report bribery cases[41]. Thus, whilst Indonesians do not approve of corruption and perceive it as harmful to society; they, nonetheless, become drawn into it owing to a sense of powerlessness and a lack of experience in engaging in corrective actions to effect change. Reasons for not reporting corruption cases[42] and having less than 10% of known cases reported to the proper authorities should be good indication of the state of the powerlessness and inexperience of Indonesians in dealing with corruption.

[38] Among the various factors related to corruption discussed we summarize the following results:
- There appears to be a weak relationship between public official income levels and corruption.
- An anti-corruption orientation within the organization is strongly related to lower corruption levels.
- The presence and enforcement of rules in controlling corruption is supported by the national survey.
- Results also support a civil service system of meritocracy in terms of regular performance evaluations, rewarding for professional excellence and assigning rank based on competencies and skills.
- The quality of personnel management within the organization is significantly related to corruption levels.

[39] NOONAN, Bribery, o.c., pXVIII-XX, Every culture, with insignificant exceptions, treats certain reciprocities with officials with disapproval. Bribery seems to be universally condemned these days, according to Noonan. This hypothesis seems to be falsified by the empirical data as shown in Partnership for Governance Reform in Indonesia where more than three quarters of respondents consider corruption as a disease to be combated.

[40] Partnership for Good Governance, o.c., 2001, pXI

[41] Ibidem, p XII

[42] Partnership for Good Governance, o.c., 2001, p XII

Conclusion

There can be hardly any conceptual confusion between gifts and bribery. Despite the acknowledgment that bribery is influenced by certain cultural features, in which the precise definition of what constitutes corruption could marginally shift over time, it remains an illegal and often monopolistically *quid pro quo* transaction. Most Indonesians are quite aware of the negative impact it has on the socio-economical and political climate in contemporary Indonesia.

Empirical data have shown us that there is an ambiguity in the perception of what constitutes bribery and this is matched by the frustration of not having a possible reply or resistance. Its impact is such that Indonesians are becoming even more cynical in the fight against corruption. Some authors seem to suggest that most reforms against bribery are likely to be steps "toward a more impersonal, objective method of governing[43]." However, one should recognize that the transition from personalized ties and social alliances to a more impersonal society with strong markets and institutions may disrupt valuable traditional practices as well. Not to forget that a pure free market system can alienate as well.

What has to be acknowledged is that there has been shift from a culture of gift (exchanges) to a culture of exchange which places an emphasis on pure reciprocity and commerce rather than on social relations. To counter this shift, deliberate actions must be taken to ensure that the hard-core rules of commercial law and the logic of instrumental reciprocity be respected, valued and complied to. Applying the ceremonial rules of social alliances into the commercial logic of exchange is not only ambiguous, but also misleading. In the former, social obligations and social trust rule; whereas in the latter codes and regulations form part of a more formal and impersonal system of exchange.

While this conceptual analysis of the gift mechanism tries to understand the shift towards rampant bribery in contemporary Indonesia, the empirical data prove that corruption and bribery are considered serious diseases in contemporary Indonesia. No doubt, there is strong indication that the abolition of so-called traditional *adat* principles and birth of the (greedy) 'individual' have a role in increasing bribery and corruption. The lack of serious attempts and an inconsistency to contain corruption by the present leaders, the discretionary culture of the Indonesian society, the non-implementation of rules and laws

and lack of or non-existence of personal integrity have all contributed to a rampage of corrupt practices in Indonesia. If it is agreed that bribery has grown rapidly because of the individualization process resulting from effects of urbanization, the monetarization of alliances-networking, and monopoly and non-accountability based on the triad structure of discretion, then I believe that this triad structure should be addressed conceptually and effectively to combat bribe as a disguised gift.

The modern spirit of been calculative here prevails over an older world that gives primacy to feelings and social interaction. With this focus of money in the exchange, it is not surprising that this factor is associated with the growth of individualism and with it the destruction of solidarity in communities.

I am convinced that the so-called gifts are nothing more than disguised, nevertheless, illegal market transactions. Perhaps, the market mechanism should be allowed to take roots in this fast growing industrializing society. Such a market would impose law enforcement and personal reputation to guarantee the rules of the market game. If the laws are to be effective, a personal promise to honor the gift should not only be codified as in laws, but also be dependent upon the good will of the parties. The competitive market system should be driven by individuals who are accountable for their actions, under the transparent rules of law.

The so-called gifts analyzed above should be perceived as market exchanges and consequently be treated as such. Market exchanges do follow some particular market rules. Corruption, however, is not accepted within such a market context because of its costly, and disruptive effects on the price mechanism. Unfair competition undermines the morality of its fair players and the market system itself. The Indonesian society in embarking on a modernization process, should embrace the market exchange system, while appreciating that gifts have their place for personal and social recognition. Indeed, it would be more beneficial if there would be some serious attempts by the Indonesian leadership to move away[44] from these poisonous “gifts”, and to try to ‘account for’ gifts given and received in an open responsible manner.

Prepared by ***Peter Verhezen*** Sept 6 – Oct 30, 2003 Ver 02.00

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[43] ROSE-ACKERMAN, Susan, “Bribes and Gifts”, o.c., p 316.

[44] Though beyond the scope of this paper, I believe that next to (1) individual moral conscience, any possible reform program combating bribery and corruption will need to include (2) stronger institutional mechanisms: enhancing competition in the economy, a wise demonopolization and gradual deregulation, promoting the accountability of political leadership, the public disclosure and transparency rules; the promotion of the rule of law and its proper enforcement; the creation of a merit based and service oriented public administration, and a more critical educational system.

Appendix: 3 different forms of exchange can be distinguished:

Characteristics	***Gift exchange***	***Bribery exchange***	***Market exchange***
GENERAL FEATURES			
(A) Reciprocity	❑ Reciprocal & sometimes non Reciprocal. ❑ The gift can be very ambiguous in this perspective. ❑ Not explicit *quid pro quo* ❑ Time gap between initial gift and return	❑ Reciprocal in nature. ❑ Disguised in order to enable possible justification for this illegitimate ❑ *Quid pro quo* ❑ Not necessarily a time gap	❑ Purposefully reciprocal ❑ Legal ❑ *Quid pro quo* ❑ No time gap
(B) Relationship	❑ Social Alliances seeking social acknowledgement. ❑ Usually generalized trust ❑ Indebtedness & Loyalty ❑ Circulation of gift objects - products	❑ Patronage and often nepotism where the bonds are instrumental to achieve these goals. ❑ Very particularized trust between briber and bribee only ❑ Non-indebtedness & Exit - Loyalty ❑ No circulation of gift objects-products	❑ Contractual alliances with long term perspectives. ❑ Usually particularized trust if trust at all ❑ Non-indebtedness & Exit ❑ Circulation of money
SPECIFIC FEATURES			
(1)***Pricing Mechanism***	❑ Not (directly) priced. ❑ Payment to Principal. ❑ Non Monopolistic.	❑ Priced. ❑ Payment to Agent. ❑ Monopolistic power.	❑ Contractually Priced. ❑ Payment to Principal. ❑ Competitive in nature.
(2)Discretion	❑ Open	❑ Secret	❑ Open
(3) Accountability	❑ Social accountability	❑ Non accountable in social terms.	❑ Corporate Accountable & social responsibility.