

<b>Forum:</b>	Association of Southeast Asian Nations (ASEAN)
<b>Issue:</b>	Measures to combat corruption and social disparities among ASEAN communities
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## Introduction

Target 16.5 of Sustainable Development Goal 16 “Peace, Justice, and Strong Institutions” is to ‘Substantially reduce corruption and bribery’. Collected over the past decade, data suggests that high levels of bribery associated with public services occur more frequently in lower-income developing countries, at 22.3 percent. As of Corruption perception index reports of 2019, Singapore is the least corrupt country out of ASEAN receiving a score of 85 out of 100, followed by Malaysia (53), Indonesia (40), Timor-Leste (38), Vietnam (37), Thailand (36), Philippines (34), Myanmar (29), Laos (29), and Cambodia being the most corrupt receiving score 20 out of 100. According to the World Bank, if corruption can be successfully regulated by strict laws and legislations, it is possible for a fourfold increase in per capita income, with an increase in 3 percent of current business growth rates. Seen as a tax on foreign direct investments (FDIs), corruption can reach as much as 20 percent of investment amounts. Although efforts to combat corruption in the Southeast Asia region has grown over the past decade, efforts are still needed.

Wealth discrepancies are also very prominent in the Southeast Asia region. The richest one percent in Thailand controls 58 percent of the country’s wealth and the top 10 percent earned 35 times more than the bottom 10 percent. The top four richest men in Indonesia possess more assets of value than the accumulated wealth of the 100 million people at the bottom of the societal pyramid, and once again, around 50 percent of the wealth is handled by the top 1 percent. In Vietnam, 3.2 million people can be taken out of poverty with the wealth of the richest 200 of the country. Although only just under 200,000 people of its population of 31 million meet the definitions of poverty, 34 percent of the country’s indigenous people and seven percent of children in urban low-cost housing projects live in poverty. In the Philippines, the average annual family income of the top 10 percent is estimated at US\$14,708 in 2015, whereas the lowest 10 percent is at US\$1,609. Although making immense progress in Sustainable Development Goals 8 and 9 in recent years, Southeast Asia has seen major setbacks in Goal 10, reducing inequality within and among countries. Goal 10 reaches several dimensions including resolving

income inequalities, social, and political discriminations. Especially through times of COVID-19, the great disturbance to each of the economies would only lead to higher degrees of wealth inequality and foster an M-shaped society, with current rising unemployment rates reaching new record highs.

## Definition of Key Terms

### **Social disparities**

Social disparities, or social inequalities, occur when resources in a society are unevenly distributed across different demographics, especially when a pattern occurs when a particular category of persons typically receive the given benefits more than other groups. This is often linked to the uneven distribution of income in terms of economic inequality, while also being closely intertwined with racial and gender inequality .

### **Corruption**

Corruption is a form of criminal offense that refers to the abuse of a person or organization with significant authority or social responsibility for private or illicit benefits. Common forms involve bribery, embezzlement, and nepotism, but are not limited to the above and all involve the misuse of government power for actions such as drug trafficking, human trafficking, or money laundering.

### **Corruption Perception Index (CPI)**

First launched in 1995, the Corruption Perception Index is an international corruption indicator operated by Transparency International where it scores and ranks countries by how corrupt experts or businesses believe their public sectors are with 13 surveys and assessments from various institutions around the world. In the 2019 CPI, Singapore was ranked as one of the top 6 least corrupt countries globally. Moreover, the CPI was found to have a very strong correlation with real gross domestic product, showing that long-term economic growth is highly negatively related to corruption.

### **Least Developed Countries (LDCs)**

The group of Least Developed Countries are developing countries listed by the UN Economic and Social Council (ECOSOC) which have the lowest socioeconomic development indicators, typically the Human Development Index (HDI) and are deemed to be at risk of economic, poverty, and human resource vulnerability. These least developed countries typically have unstable government power and volatile politics, susceptible to corruption. Cambodia, Timor-Leste, Laos, Myanmar (Burma) are ASEAN countries part of the present list.

### **Revolving door**

The “revolving door” in politics is the switching of employees from working for the public sector to for private firms. Many consultants and lobbyists for various industries become the legislators and law regulators of the very industries they once worked for and vice versa. A vicious cycle and toxic relationship can develop between private and public sectors where power abuses and unfair grants should occur.

### **Transparency**

Transparency means the openness of rules, procedures, and decisions of public and private institutions, typically done through publicizing reports and monitoring work. Not only does this mean the public is able to access all information of public and private institutions, it also entails that people can easily access, understand, and utilize the information. The existence of transparency is what builds trust between citizens and the government, able to eradicate forms of illicit crime which thrive in societies where transparency lacks severely.

### **Bribery**

Defined by Black’s Law Dictionary, bribery is the giving or receiving of inducements (such as items of value) illegally and dishonestly to any person of public or legal authority. Being a form of corruption, this is typically done to influence or sway one’s conduct to cultivate illicit advantages.

### **Whistle-blowers**

Whistle-blowers refer to individuals who expose information or knowledge of illicit or unsafe criminal activities such as corruption to authorities, where abuse of power is deemed. Since these individuals are vital to the reporting of criminal action, their rights need to be protected, including from the government.

### **Human Development Index (HDI)**

Measured on three standards, long and healthy life, knowledge, living standards, the HDI is a socioeconomic indicator of economic growth as well as satisfying the needs and wants of people. It is calculated using life expectancy at birth, expected and mean years of schooling, as well as Gross National Income (GNI) per capita (PPP \$). Graphing data from UNDP and Transparency International, Corruption Perception Index and Human Development Index are shown to be strongly positively correlated, meaning that the higher socioeconomic indicators are, the less corrupt a country is.

### **Military coup**

Also called a coup d’état, a military coup is the overthrowing of a particular political regime from governmental power, usually in violent manners. Usually, it is the military, at other times a political party,

or dictator taking power in an illegal manner to alternate political power. A military coup typically takes place in states where the current political party either lacks organizational detail or has conducted an action in which the general public deem unreasonable. In many ASEAN communities, military coups have been a common symbol of social unrest and corruption, such as Thailand's military coups.

## Background Information

### Types of corruption

#### *Embezzlement*

Commonly referred to as the most notable signal that a government is corrupt, embezzlement is where an entrusted individual or party misappropriates funds or assets and exerts unauthorized control over another's property. This could involve the creation of receipts for non-existing transactions and the money from these activities would pay for personal expenditures. An example of embezzlement would be Ponzi schemes.

#### *Graft*

Being a form of political corruption, graft is when public funds are intentionally misdirected for personal private gains by authorities or people with political influences. This type of political corruption is seen to occur more frequently in authoritarian states, as political power is monopolized. Keep in mind that graft specifically refers to the above, and is not an umbrella term for embezzlement or other types of corruption.

#### *Fraud*

Fraud in financial terms can be treated as an umbrella term for actions in which facts have been falsely represented, either through holding back vital information or by supplying false information to the party concerned in order to gain an illicit advantage that would not have been available otherwise. As this involves the concealment of information from the intended victim, unaware of the situation of asymmetric information, financial fraud is usually intended for deceptive gain.

#### *Nepotism*

Ranging in a variety of fields from religion to politics to businesses, nepotism is where there is a circumstance of favoritism of relatives and family members in hiring for or appointing to a position, usually a high-ranking one. Although supporters of nepotism argue that this act can be beneficial for small and medium-sized enterprises (SMEs) that are just going through the processes of startup to form tight trust bonds with their business partners, many still view

nepotism with negativity and claim it as a form of corruption since it allows the risk of one single group of people to exploit the benefits of decision biases. Cronyism is a similar form of corruption to nepotism, instead referring to appointing one's friends and acquaintances to positions of power.

## Causes of corruption

### *Controlled media*

The sole purpose of the media is to hold public figures and people with significant power accountable for their decisions and act as a source of transparency for citizens. The media also ensures the freedom of speech of citizens, where individuals are free to express opinions on news and policies passed by the state. Freedom of speech together with the transparency of governments provide different perspectives and stimulates citizens' critical thinking processes. Moreover, a state-controlled media system means that the government can easily hide instances of corruption that would potentially harm their public image. As for social divisions, a controlled media ensures bias and favoring for one particular group, and this is what leads to race supremacy.

### *Low access to or flawed education*

Apart from learning academics, education is what shapes people's values and conveys the right ethics. In terms of corruption, if one's ethical standards fail to reach society's expected levels, they are more likely to conduct an unethical action when placed under a position of authority. It may be correct to their moral compass, and this may be due to a number of causes such as biased learning or having low access to official education while living in an environment where such "unethical" actions surround one. Lack of ethical education or biased education can lead to the fostering of corruption and social unrest.

### *Low democracy*

Democracy literally means when the people rule the people, hence citizens are expected to widely interact with politics and anything to do with the wellbeing of citizens. This, as an indirect result, ensures the government to be lucid and transparent, where citizens are able to some degree be aware of decisions and events in the government. With the decreasing nature of democracy in a government, transparency also decreases with it hence political power is monopolized and there are no external parties to check in with what the one force is conducting in the nation. Corruption is more likely to result when faults are not exposed, especially when the citizens have no ability to participate in the government whatsoever.

## Major Countries and Organizations Involved

### Indonesia

Most Indonesians render income distribution in their own nation to be “very unequal” and “not equal at all”, where consumption per capita for the top 10% of Indonesians rose by 6% a year, yet for the 40% not doing well, consumption rates were stagnant at less than 2% annually. Around 80% of Indonesian citizens live in the west of the archipelago, and are growing at a significant slower rate than more developed areas of the country such as Jakarta. Wealth gaps, ridges in unemployment rates, and access to healthcare exist between more economically developed areas such as Sumatra and Java and more disadvantaged and less densely populated areas such as Maluku and Papua. There are also ongoing issues of racial discrimination against Chinese Indonesians and other racial minorities as well as the restriction of LGBTQ groups.

### Cambodia

From gaining access to healthcare services, obtaining fair justice verdicts, and sorting out traffic violations, Cambodian citizens are exposed to local corruption on a daily basis. Transparency International’s 2017 Corruption perception index ranked Cambodia 161st place out of 180 countries. The government of Cambodia has made efforts since 2010 to eradicate corruption from within their borders. The Anti-Corruption Law was passed in March 2010, where if found guilty of corruption, any figure of power can be jailed for up to 15 years. However, this law does not provide any legal protection for whistleblowers, even giving them the possibility of being jailed up to 6 months if reporting unjustified corruption. Human and sex trafficking remain huge problems in Cambodia.

### Malaysia

Ranking second least corrupt country in ASEAN, Malaysia has a CPI score of 53 yet the majority of Malaysian households perceive local political parties to be corrupt. The 1Malaysia Development Berhad (1MDB) scandal is an example of an ongoing political scandal entailing the former Prime Minister Najib Razak, whereas corruption also occurs in the Immigration Department where fraudulent visa issuance, abuse of Immigration data, illicit cooperation with human-trafficking agents are ongoing problems as well. Political financing and campaigns as well as working for both public and private sector firms in a ‘revolving door’ fashion are challenges for Malaysia’s fight against corruption. Moreover, although the states of Selangor and Penang do have forms of this, there is no existence of a Freedom of Information Act on the federal level which places transparency at risk. Also, in terms of social disparities, Malaysia is a predominately Muslim country with large Chinese and Indian populations, and as a result, the concept of Malay supremacy had already been widely accepted whereas non-Malay parties argued

for their interests to be also protected. Major racial events include the May 13 Incident in 1969 induced by the national election.

## Myanmar

A classic example of social divide in Myanmar is the ongoing Rohingya muslims genocide. Due to the 1982 Citizenship Act, the Rohingya people have not been able to receive Burmese citizenship and are regarded as illegal immigrants. Starting on August 25, 2017, the Burmese military's "clearance operations" are estimated to have killed more than 24,000 Rohingya people, raped more than 18,000 Rohingya females, physically abused more than 116,000, and raided 354 Rohingya villages in the state of Rakhine. Now classed as ethnic cleansing and genocide, the Rohingya people have actually been oppressed for many years even prior to the 1980s, and these tensions and discrimination have always existed due to Myanmar's Buddhist majority. This issue highlights clearly the fact that one main reason that causes social conflict is religion and race, and hence it is important to discover means for different perspectives and cultures to coexist.

## Thailand

From 2013 to 2014, Thailand saw a notable time of political instability and internal conflict. This was mainly sparked due to former Prime Minister Thaksin Shinawatra, where citizens accused him of political corruption and a threat to Thailand's democracy. On May 22, 2014, General Prayut Chan-o-cha of the Royal Thai Army led the Royal Thai Armed Forces on a successful attempt to take over the government with a coup d'état. Martial law was declared by the military two days prior to the coup to stabilize the political circumstances, and for the next 5 years Thailand was ruled by the National Council for Peace and Order (NCPO), a military junta where media was censored and the constitution was mostly temporarily halted. Thailand's fast growing economy also meant that its inequality staggeringly rose, with its Gini coefficient remaining constantly high in the past two decades, and it is estimated that the top 1% of Thailand's population have control over 58% of Thailand's wealth. Although Thailand's gross domestic product per capita has increased greatly over the past three decades. Spending on education has been stagnant at 2-3% of the GDP, despite Thailand's period of growth, only 7.8% of Thailand's GDP is spent on social services, compared to an average of 20% of most developed countries.

## Transparency International (TI)

Founded in 1993, Transparency International is a non-government organization aimed to "stop corruption and promote transparency, accountability and integrity at all levels and across all sectors of society", as quoted from Transparency International's mission statement. Working in over 100 nations, their publications include the Corruption Perception Index (CPI) and the Global Corruption Barometer

(GCB) as well as being part of G20 Think Tanks, UNESCO Consultative Status, United Nations Global Compact, and Sustainable Development Solutions Network.

## Timeline of Events

Date	Description of event
July 21, 1964	1964 Singapore race riots
1967	Establishment of the Malaysian Anti-Corruption Commission
1969	Malaysia May 13 Incident
1993	Transparency International (TI) is founded
December 9, 2003	United Nations Convention Against Corruption (UNCAC) signed by all ASEAN nations
December 29, 2003	Indonesia's Corruption Eradication Commission founded
2005	Anti-Corruption Law passed in Vietnam
March 2010	Anti-Corruption Law passed in Cambodia
May 22, 2014	Royal Thai Armed Forces conduct successful coup d'état to establish a 5 year military junta National Council for Peace and Order
2015	Malaysia's former Prime Minister Najib Razak accused of moving over RM 2.67 billion from 1Malaysia Development Berhad to his personal accounts
August 25, 2017	Myanmar Rohingya Muslims ethnic cleansing crisis

## Relevant UN Resolutions and Treaties

- United Nations Convention Against Corruption, 31 October 2003 (**A/RES/58/4**)
- Conference of States Parties (COSP) Sessions Resolutions
- ASEAN Treaty on Mutual Legal Assistance on Criminal Matters

## Possible Solutions

**A possible method to prevent corruption as well as avoiding social conflict is to foster a nature of good citizenship.** This is a more long-term goal, where it may involve school programs, mandatory seminars, or "raising awareness" and implanting the correct ethical standards through media means. The gender gap continues to be a growing issue in the more conservative area of Southeast Asia, and hence efforts in education are needed in order to decrease the gap between education between the two genders. However, in this case, the government should be very aware of these negative impacts on their society and should be one that can hold itself accountable. In more corrupt nations



where government officials are less keen to invest in projects like this, implementation of these educational policies may be more difficult in these states. Moreover, in times of a global pandemic where most schools and educational institutions have gone online yet many of the poorest areas in many countries still lack the hardware as well as internet coverage to go along, it is imperative that steps are taken to ensure the education of these children.

**The creation of some sort of corruption judicial system, either locally or as an ASEAN community is important, and it is one solution that has been implemented by many states elsewhere such as Columbia and Peru.** This can be split into two types, one that is affiliated with the government and another that has completely no government influence whatsoever. Transnational corruption needs to be tackled by holding senior authorities accountable when their local system fails to do so, and offers a chance for local systems to be developed modelling after an international version. The purpose of independent jurisdiction systems that aren't controlled by any political entity or regimes is to eradicate political bias and "covering" for corrupt officials despite legal settings. It encourages the democratic participation of citizens to hold their own officials accountable for their actions, and fosters transparency as well as the freedom of information. However, corrupt governments are highly unlikely to agree to their governments being dictated by another ASEAN corruption jurisdiction system nor by citizens, possibly treating it as an unnecessary interference in national issues. A major problem with setting up transnational judicial systems is the high costs involved annually, and many leaders may be skeptical of whether or not this is a necessary cost and turn to invest in other local projects.

**ASEAN governments should be prepared to implement economic policies to tackle income inequalities and wealth discrepancies within and between each state.** Since one of the central aims of taxation is to redistribute income, governments could reform the tax system to a fairer progressive one, where for instance the wealthier are subject to pay higher tax rates. Tax revenue can then be used for social purposes, such as supporting the educational and healthcare systems and giving benefits for the socially disadvantaged. In addition to equalizing the taxation systems, regulations should also be put in place to enforce personal income tax collection to avoid tax avoidance or even circumstances of tax evasion. Although this impacts the economy as a whole instead of the financially challenged, governments could also operate expansionary fiscal policy or expansionary monetary policy. This is where by lowering tax rates or interest rates, aggregate demand of the economy increases and therefore firms will be more inclined to hire employees, reducing unemployment. Government expenditure can also be used to promote workforce skills training workshops and better jobs, moving the labor force to the tertiary sector. Since wealth inequality often comes as a result of the poverty cycle, providing education subsidies may also be a viable option.

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