

# Corruption in Indonesia and the Japanese Business

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## **Abstract:**

Recent developments in Indonesia indicate that this country is moving toward ever more democratic government, as was illustrated by its very first, and also very successful presidential election by direct vote in 5 July. Nevertheless, it is widely anticipated that foreign investments in Indonesia will flourish again, after 6 years of turbulent politics.

Indonesian as well as potential foreign investors and business people will be very much affected by the longstanding fight to combat corruption in the Indonesian economy. This policy has proved very popular, which is critical considering Indonesia's position as one of the most corrupted countries globally. Here is strong evidence to indicate that the problem of corruption stems from two major sources; (1) the lower salaries of government officials and (2) insufficient competition in the economy

This paper exhibits and assesses the effectiveness of way and method of combating corruption in Indonesia, and proposes the new method and hope for improvement. Furthermore, it shows how political factors and level of income impact significantly on level of corruption. Further, this paper investigates how schooling and an open trade scheme could lessen the grip of corruption on Indonesia and allow trade to operate more effectively. As Indonesia's number one trade partner and biggest creditor, Japan plays a significant role in this latter factor.

Indonesia is one of many countries currently trading with Japan. By analysing how trade policy can lessen levels of corruption, this paper suggest that the same model or framework can be applied to all countries with similar problems with corruption, particularly those enjoying significant trade with Japan.

## **Keywords:**

*Corruption, Economic Policies, Indonesia, Japan, Politic Economic.*

## **Proposed Area:**

*Competition and Regulation or Law and Economics.*