

POLICY AND GOVERNANCE

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orruption by design? A
comparative study of
Singapore, Hong Kong
and mainland China

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Abstract

Corruption exists in every society, but the extent of corruption varies enormously among countries. Governments have taken up the challenge of reform to lessen the scope and severity of corruption. However, it is puzzling to see some countries are more successful than others, even if they have similar geographic, cultural and historical background. How the transformation from widespread corruption to clean government has been accomplished is thus an intriguing research question and practical policy problem.

Manion (2004) considers the problem of anticorruption reform, in comparative case study of anticorruption reform in mainland China and Hong Kong. This paper examines Manion's theory with the anticorruption experience of another member of "Greater China" – Singapore. It finds that whereas Singapore's experience supports Manion's theory about the importance of independent, powerful and well-financed anticorruption agency, a comprehensive anticorruption strategy and the existence of rule of law, it does not prove that a political system allowing high degree of political freedom is necessary to successful anticorruption reform. This may imply that Manion's conclusion that mainland China has passed a "point of no return", and that its anticorruption reform will not succeed unless it embraces a non-Leninist political system, is problematic. Singapore's experience also suggests other factors that Manion (2004) does not consider, such as economic liberalisation, country size and degree of urbanisation.

Executive Summary

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1 Introduction

No society is perhaps free of graft and corruption. Corruption is not a new phenomenon. Yet, since the 1990s it has been emerging as one of the key concerns within the international community. Anticorruption programs have been included in national development agendas as well as international donors' aid packages. Anticorruption treaties have been signed and ratified. The UN General Assembly even designated 9 December as International Anti-Corruption Day in order to raise awareness of corruption and better combat and prevent corruption. This growing concern about corruption is partly because of the changing political, social and economic environment around the world (Tanzi 1998:559-64) and also because of the gradual recognition by the academic and policy community of its negative impacts on economic, social and political development.

With the increasing awareness of corruption, governments and international bodies are looking for effective measures to control this global menace. Many researches have been done in search of effective mechanisms to solve corruption. A wealth of knowledge has been accumulated in terms of what approaches are possible. The problem, however, is that there is a lack of general agreement regarding what approaches work and what explains success and failure (Jain 2001:102). It seems that some countries are more successful than others in controlling corruption even though they are in the same region or share many similar features. For example, many Asian countries are deeply trapped in pervasive corruption; however, according to the Berlin-based Transparency International (TI), some countries or cities, such as Singapore and Hong Kong, stand apart from other countries and rank among the least corrupt countries in the region and even in the world. Asian culture has always been blamed or used as an excuse for providing a favourable environment for nepotism, bribe-taking and other forms for corruption, however, it is puzzling to see that within the same cultural community of "Greater China"¹, Singapore and Hong Kong performed much successfully than Chinese mainland in combating corruption. Of course, both Hong Kong and Singapore are small city-states, which makes control

¹ The term "Greater China" is often taken to include the People's Republic of China, Hong Kong, Macao, Taiwan and Singapore - the five political entities in the world with a majority Chinese population. Copper (2003) provides a good discussion of the meaning of Greater China.

easier and obedience to government more probable (Quah 1987:78, 1995: 407, 2003:107). However, emphasising only peculiarities helps us little in understanding the phenomenon and formulating better strategies to control corruption.

It may be useful to study the individual country in order to get in-depth information about how success has been achieved or how anticorruption reform has failed. Studies of this kind are abundant. For example, in the literature of Mainland China, Gong (1994) analyses how shifts in policy affected corruption; Kwong(1997) examines the socio-economic context of corruption; Lu (2000) explores why corruption flourished in the post-Mao era, and Sun (2004) describes the shifting pattern of corruption. Hong Kong and Singapore are often studied as successful examples in fighting corruption, and the attempts are often to draw practical lessons for policy transfer (see for example, Lee 1981, Klitgaard 1988, Tan 1999a, 2003, Ho 2003, Quah 1979, 1987, 1995, 1999, 2003).

As Lancaster and Montinola (1997) notes, however, descriptions of corruption in single cases are useful but they add little in terms of explanation to our comparative understanding of the phenomenon. More emphasis should be placed on comparative studies in order to find generalisable patterns of corruption and its control. Surprisingly, comparative study on corruption in Asian countries, in particular in the cultural community of “Greater China”, is rare. A project entitled “Negative Bureaucratic Behaviour in Asian Countries” (Carino 1986) was done more than two decades ago, which studied the legal and administrative measures against bureaucratic corruption in seven Asian countries including Hong Kong and Singapore. Four patterns of anticorruption strategies were generalised reflecting the nature of commitment by the government (i.e. hesitant or determined) and a preference for one kind of anticorruption measures (environmental or institutional). The four patterns were identified as follows: (1) hesitant-environmental; (2) determined-environmental; (3) hesitant-institutional; and (4) determined-institutional. Hong Kong was classified as an example adopting mixed determined and hesitant-institutional strategy (1986:142-7), while Singapore a case of using determined-institutional strategy (1986:147-52). The similarity is that both of them depend mostly on institutional anticorruption strategies focusing on legal and administrative procedures, threats of punishments, and a well-developed system for detection and punishment of corruption

cases. The difference is that Hong Kong's ICAC is criticised as "symbolic and ritualistic in essence", which led to the fact that "corruption has not been controlled in Hong Kong to the extent it was done in Singapore" (1986:146).

Ten years later, one of the project team members, Jon S. T. Quah (1995) drew the similar conclusion. Quah compares anticorruption efforts in Singapore and Hong Kong and claims that Hong Kong's anticorruption strategies lagged behind those of Singapore and are less comprehensive because it is not concerned with improving the salaries of civil servants to reduce their incentive for corrupt behaviour. Later, Quah (2003) extends his comparison of the anticorruption efforts to include six Asian countries, among which are Singapore, Hong Kong and Mainland China. He generalises three patterns of corruption control. Pattern One occurs when there are anticorruption laws but no specific agency to implement these laws; Pattern two involves the combination of anticorruption laws and several anticorruption agencies; and Pattern Three involves the impartial implementation of comprehensive anticorruption laws by a specific anticorruption agency. Quah concludes that the success of Singapore and Hong Kong can be attributed to Pattern Three, while the difficulty of Mainland China is due to the ineffective combination reflected in Pattern Two.

The most recent addition to the literature on corruption in "Greater China" is Melanie Manion's *Corruption By Design* (2004). In this book, Manion (2004) contrasts the case of Hong Kong and Mainland China and argues that different institutional and constitutional designs either promote or hinder the success of the anticorruption reform. The differences in designs express themselves in three aspects: (1) anticorruption agency design; (2) anticorruption strategy design; and (3) grand constitutional design. She argues that by choosing proper and timely designs, it is possible to control widespread corruption and build clean government. Hong Kong offers an example of success, while Mainland China illustrates the difficulty in fighting against corruption. Manion's findings depart from previous research in that (1) she confirms the agency design of Hong Kong ICAC as important factor leading to its success in corruption control, which contrasts with the criticism of the ICAC of being "symbolic and ritualistic"; (2) she attributes Hong Kong's success to a three-pronged anticorruption strategy adopted by the ICAC, which Quah (1995) regarded as less

comprehensive than that of Singapore's; (3) she points out the relevance of constitutional design, in particular the rule of law and real civil liberty, in assisting the anticorruption reforms, which the previous studies didn't mention.

Manion's findings offer a new perspective for the study of corruption control. It is interesting to see whether Manion's theory about Hong Kong and Mainland China can be supported by another part of "Greater China" – Singapore, which is also regarded in the literature as a success in transforming from widespread corruption to clean government. Singapore offers an intriguing case for study not only because it shares the same Chinese culture with Hong Kong and Chinese Mainland (therefore the cultural factor can be set aside), but also because its particular political system (one-party dominant parliamentary democracy) which is different from Hong Kong (colony, then special administrative region of China) and Mainland (Communist state). It is interesting to see whether Singapore under different political system supports Manion's findings or offer something new.

In this light, the present study extends Manion's theory to examine the case of Singapore. The aim is to see whether Manion's (2004) findings in Hong Kong and Mainland China are also supported by Singapore's experience in building clean government. If not, what factors can explain the inconsistency? The scope of the study is comparative, drawing on Singapore's experience against Manion's findings on Hong Kong and Mainland China. For this purpose, the paper is organised as follows: It first sketches out the analytical framework in part 2, considering the definition, summarising the existing literature about causes and remedies of corruption and explaining Manion's theory. Part 3 elaborates on the experience of corruption and anticorruption reform in Singapore, a nonincremental "equilibrium shift" from widespread corruption towards clean government, coordinated by the PAP government. Part 4 compares Singapore's experience with Hong Kong and Mainland China within the analytical framework of Manion (2004). Conclusion and policy implications are finally drawn in Part 5.

2 Analytical Framework

2.1 Definitional Consideration

There have been substantial attempts to define corruption. Yet, no definition is “sufficiently capacious yet discriminating” to describe this social phenomenon (Williams 1999:504). For her research purpose, Manion defines corruption as “the abuse of public office for private gain in violation of rules” (2004:5). The reference to rules follows Nye (1967: 419)², and others in applying legalist standard to define “abuse of office”. This perspective contrasts with a market-centred orientation and public-interest-centred approach and is often referred as the public-office-centred perspective (Heidenheimer 1970)³. The focus is on the formal rules of a public office, and thus the legal norms are used as the baseline for judging whether an act is corrupt. This view of corruption has often been criticised for being too narrow (see for example Leys 1970). The limitation is that it takes the governmental definition but ignores the divergent folklores (beliefs and related emotions) of corruption in the society. However, the choice can be justified on the ground that in contemporary complex societies, the government bureaucracy has increasingly dominated over other social groups and organisations (Lee 1986:71-2).

The literature also differentiates “grand” corruption or political corruption from “petty” corruption or bureaucratic corruption. While the former involves “efforts by political coalitions to capture the apparatus of state or maintain a monopoly on power”, the latter refers to the “efforts by civil servants to enrich themselves through illegal means” (Jain 2001, Goodman 1990). It is worth noting that the existing indicators monitoring the extent and level of corruption are mainly concerned about the bureaucratic form of corrupt practice and guiding commercial decisions in making investment. Some of the most influential of these include Transparency International’s annual Corruption Perception Index, the Hong Kong-based Political and Economic Risk Consultancy Ltd. (PERC)’s series assessing corruption trends in Asia. If we rely

² Nye (1967) defines corruption as “behavior which deviates from the normal duties of a public role because of private-regarding (family, close clique), pecuniary or status gain; or violates rules against the exercise of certain types of private-regarding influence”.

³ Heidenheimer (1970) identifies the three major categories of corruption, i.e. market-centred orientation, public-interest-centred approach, and public-office-centred perspective, in his comparative analysis of political corruption.

on these indices to judge the corruption level of a country, it can at best reflect the bureaucratic form of corruption. This means that some countries with high scores in these indices might have problems with political form of corruption. Indeed, Oehlers (2005) argues that although Singapore is consistently rated as one of the least corrupt countries in the world according to these indices, its corruption takes on a “political hue”, regarding the fact that the ruling PAP party operates through a system of official as well as unofficial inducements and incentives to maintain its political pre-eminence. Moreover, as Hong Kong was the British colony and now the special administrative region of China, and as there is no genuine election in Mainland China in the sense that the ruling Chinese Communist Party has to compete with other opposition parties, examining political corruption in these two places has little meaning.

Taking these factors into consideration, the present study takes a narrow scope, focusing only on the bureaucratic form of corrupt activities. It adopts Manion’s (2004) definition that describes corruption as “the abuse of public office for private gain in violation of rules” but exclusively refers the “public office” to the positions within the bureaucracy. The widely used corruption indicators mentioned above are therefore reliable in judging the effectiveness of the anticorruption reforms.

2.2 Corruption: Causes and Remedies

The existing literature has identified the causes of corruption drawing upon different disciplines. In recent years, however, the economic explanation of corruption has dominated and changed the way international donors and state governments have understood corruption. The economic analysis of corruption has typically drawn upon principal-agent theory, which examines corruption in the context of an economic agent as a profit maximiser weighing cost and benefit to decide whether or not to engage in corrupt activities. If the benefits of corruption outweigh the costs, the rational agent will more likely behave corruptly. (Becker 1968, Klitgaard 1988, Rose-Ackerman 1978, 1999)

The economic agent’s behaviour may be influenced by endogenous as well as exogenous conditions. The endogenous conditions involve the agent’s personal attributes such as economic condition (e.g. income from the salary) and moral

standard of the agent. Klitgaard's (1988) formulation below best illustrates the relationship between endogenous conditions and corruption:

$$\text{Corruption} = \text{bribe} - \text{moral cost} - (\text{the probability of being caught} \times \text{punishment}) \\ + \text{salary} + \text{moral satisfactory of being not corrupt}$$

This formula shows that the agent is more willing to behave corruptly if the moral cost and the probability of being caught and punished outweighs the compensation from the salary and the moral satisfaction of being not corrupt.

The exogenous conditions influencing the agent's behaviour involve systems that put various constraints on power. The literature has identified three elements for corruption to exist, namely, discretionary powers over the allocation of resources, the economic rents associated with these powers and sufficiently low probability of being caught for the wrongdoing (Jain 2001:77-85). Klitgaard (1988) associates these three elements with three dimensions of institutional structure summarised by another formula:

$$\text{Corruption} = \text{Monopoly} + \text{Discretion} - \text{Accountability}$$

According to this formula, corruption exists where there is monopoly power of officials with certain degree of discretion and a lack of accountability and transparency in an institution.

Economic institutions that allow more economic freedom reduce the opportunities and incentives for corruption. Ades and Di Tella (1999:982) argues that bribe can hardly sustain in a perfectly competitive market. On one hand, a government intervention generates more discretionary power and thus creates more opportunities for public servants to ask for bribes. On the other hand, under such circumstances, individuals are more willing to pay a bribe or to seek expedient way to circumvent the rules. (Acemoglu and Verdier 2000:195, Jain 2001:77). As Elliott puts it, "reforms that open up and liberalise the economy increase competition...reduce the opportunities and the pool of rents available for bribery" (1997:208).

Likewise, the political institutions that entail more political freedom also set limits to the exercise of powers. People in a country with a high degree of political freedom can participate in the political process more openly and actively, which means they have more freedom regarding the right to vote, compete for public office, and more freedom to share opinions, develop associations, and more individual autonomy without interference from the government. Higher degree of political freedom introduces greater transparency, which in turn helps alleviate corruption by enabling the press to expose malpractice of corrupt officials and by empowering political associations to seize power from corrupt governments (Rose-Ackerman 1999, Shleifer and Vishny 1993:60). It has been argued that democracies are less prone to corruption (Treisman 2000) without guaranteeing probity (Rose-Ackerman 2001).

Based on the above assumptions, it can be argued that, other things being equal, relatively low paid public servants would be more likely to ask for bribes and a population with higher moral standard would be less willing to engage in corrupt activities. Moreover, corruption occurs where there is lower level of economic freedom, reflected in higher level of economic rents associated with abuse of the discretionary powers, where the principal is not able to detect the corrupt behaviour of the agent and fails to impose penalties associated with such a misuse, and where there is lower level of political freedom.

The literature has also proposed remedies to reduce corruption. Ades and Di Tella (1997) summaries three possible approaches: A “lawyer’s” approach aims to toughen the laws and their enforcement (1997:508). A “businessman’s” approach would offer sufficient incentives to public officials so that they will not engage in corrupt activities. This could be done for example by offering them higher wages. Finally, a “market’s” or an “economist’s” approach emphasises on increasing the role of competition and markets in order to reduce the opportunities for transactions that corrupt officials can potentially exploit. In terms of the causes of corruption discussed above, the lawyer’s approach would be useful in increasing the costs and risk associated with corruption. The businessman’s approach aims at reducing the incentives of corruption. The economist’s approach tries to reduce opportunities for corruption. Moreover, even if anticorruption interventions reduce the corrupt payoffs by a significant amount, the adjustments of choices are delayed because of the

information problem involved. The “folklore of corruption” reflects actual corruption imperfectly (Myrdal 1968, LeVine 1975), especially in the transitional period. Therefore, if the government can provide information about the prevalence of corruption and the credibility of government to prevent players from choosing to transact corruptly, this process can be accelerated.

2.3 Corruption by Design

As has discussed in the previous section, corruption occurs when there are sufficient incentives and ample opportunities for an agent to exert discretionary power in pursuit of economic rents less the probity of being caught and punished. Therefore, corruption could be controlled by eliminating the incentives and opportunities in engaging corrupt activities and by raising the risk of being caught and punished. The implication for the government policy is that the anticorruption intervention should reduce the corruption payoff, that is to make corruption a “high risk and low reward” activity. Moreover, government can also coordinate expectations about cleaner government and thereby induce choices to transact cleanly. In her recent book, Manion (2004) argues that properly-designed and timely government interventions could successfully reduce the corrupt payoffs and change the shared expectations about the prevalence of corruption and the credibility of government.

Manion (2004) suggests two equilibria to distinguish two obviously disparate settings: “clean government” and “widespread corruption”. She argues that to shift equilibrium from widespread corruption to clean government requires necessary and proper design of government intervention to reduce corrupt payoffs and change the shared expectations, and that the “clean enough” government generates momentum toward cleaner government.

Manion (2004) examines the circumstances where the transformation from widespread corruption to clean government could happen by studying the case of Hong Kong and Mainland China. Hong Kong offers an example of successful transformation, while Mainland China illustrates the difficulty of anticorruption reform. As Manion points out, although Hong Kong is now considered one of the less corrupted governments in the world, in the past it was beset by widespread corruption, including a form of corruption known as “syndicated corruption” which involved the

police in systematic extortion and protection rackets. On the contrary, Mainland China is facing an “explosion of corruption” as market reforms deepened, which have pushed China past the tipping point and into the “widespread corruption” equilibrium. It seems that China has reached a “point of no return”, i.e. enforcement capabilities no longer provide a credible deterrent and hence corruption will to grow at exponential rates and become uncontrollable (Wedeman 2005).

Manion argues that three basic differences lead to the diverse results of anticorruption reforms in Hong Kong and mainland China. (1) Whereas in Hong Kong the Independence Commission Against Corruption (ICAC) was granted independent and “draconian” authority, on the mainland multiple agencies have been granted partial and often overlapping authority. Party agencies are positioned above judicial agencies. As a result, corrupt public officials are often “exempted” from criminal prosecutions and receive milder party disciplinary punishments instead, which largely reduced the effectiveness of the enforcement. (2) Hong Kong attacked corruption on multiple levels and tackles the problem as a whole, rather than going after it in a piecemeal manner that emphasises high visibility and short-term bursts of enforcement. A combination of intensified enforcement by the ICAC designed to break down syndicated corruption, an educational program aimed at weakening a cultural expectation of corruption and strengthening citizens’ moral expectation of honesty, and an ongoing effort to redesign public institutions to eliminate opportunities for corruption, led to a real decrease in corruption during the 1980s and a shift from widespread corruption to a new equilibrium of clean government. (3) Finally, different constitutional designs, particularly the rule of law and real civil liberties, reflects fundamental differences in constraints on power. Manion concludes that unless the CCP embrace the non-Leninist political system, China’s anticorruption reform will not easily succeed.

Is Manion right in making these conclusions? As discussed above, Manion’s theory offers some different perspectives from the previous comparative studies. To test the correctness of Manion’s findings, Singapore as a “third China” will be introduced in the next section.

3 Corruption and Anti-Corruption in Singapore

This section reviews Singapore's experience in fighting against corruption. Singapore is generally accepted as a part of "Greater China" – a term frequently taken to describe a core entity comprising the People's Republic of China, Hong Kong, Macao, Taiwan and Singapore. The members of Greater China are closely interrelated because they share the same origins in China's geography, history and culture (Copper 2003:12). Manion (2004) includes Mainland China and Hong Kong in her comparative study. The other three members of Greater China offer good cases to test Manion's theory given their similar geographic, historic and cultural background. To discuss all of them, however, exceeds the scope of the present study. Singapore is studied here not only because of its similar cultural history with Hong Kong and Mainland China, but also because Singapore, like Hong Kong, achieved a nonincremental transformation from widespread corruption to clean government with the coordination of the People's Action Party (PAP). Singapore's experience in controlling corruption will be discussed below.

3.1 The Setting

Singapore is a small city-state located along major shipping routes in Southeast Asia. It consists of a main island and 63 offshore islands with a total land area of 692.7 sq. kilometres. The total population is 4.425 million in 2005, and the majority of the population live on the main island, which is 42km long and 23km wide and has a coastline of 150.5 km. Singapore is highly urbanised with only 9.8 sq. km of farms. It has no natural resources except for its strategic location and deep harbour, which made Singapore an important trading centre as early as the seventh century. Many immigrants were attracted from other countries to settle in Singapore. Through the process, the Chinese became predominant. Now Chinese is still the largest ethnic group in Singapore, which comprises 76 percent of the total population.

Because of Singapore's strategic location and deep harbour, the British came in 1867 and colonised Singapore for nearly 140 years. After the Japanese occupation during the Second World War, Singapore became independent only after an intricate series of events. The British granted independence to Malaya in 1957 but retained ultimate power in Singapore, granting only internal self-government on June 3, 1959, after the Singapore People's Action Party (PAP) won the general election and assumed office.

In 1963, Malaya and Singapore formed a new federation – Malaysia. But after two years, Singapore was propelled out of the federation and became a completely independent country in 1965.

3.2 An Equilibrium of Widespread Corruption

While quantitative measures comparable to those available for later periods are lacking, there can be little doubt that widespread corruption and a folklore of corruption characterised Singapore in the colonial period. According to Quah's (1979:24-7) report on the police corruption in Singapore, corruption was rife in the Singapore Police Force (SPF) among both the European inspectors and the Malay and Indian policemen. The 1886 Commission of Inquiry appointed to investigate public gambling in the Straits Settlements confirmed that police corruption was rampant. As cases of police corruption were reported in the local press, an analysis of the *Straits Times* from 1845 to 1921 showed that 172 cases were reported during this period. Bribery was the most common form of police corruption followed by such direct criminal activities as theft and robbery. (Quah 2003:109)

Corruption was not only common among law enforcement officials, but also widespread throughout all sectors of public service. Tan (1999a:59) describes corruption in colonial Singapore was “a way of life”: payment to the public officers for service delivery was a “must” and “greasing their palm was the norm”. Corruption cases in the public service are abundant and syndicated in nature. For example, the Singapore Improvement Trust's failure to provide low-cost public housing, could be attributed to the corruption of its senior expatriate officers and local junior officers in contracts procedure, planning and development control, and the allocation of housing units (Quah 1995:4).

This situation continued and deteriorated during the Japanese occupation (1942-45) and the post-war period, as the rampant inflation made it difficult for civil servants to live on their fixed salaries. Indeed, the British Military Administration (BMA), which took over after the Japanese surrender in August 1945, was also referred to derisively as the “Black Market Administration”. Finally, in his 1950 Annual Report, the Commissioner of Police indicated that graft was rife in government departments in Singapore. (Quah 2003:109-10)

3.3 Anticorruption Efforts in Colonial Period

The British colonial government failed to curb corruption mainly because of its lack of commitment as reflected in its adoption of an incremental rather than a comprehensive anti-corruption strategy (Quah 1995:393). During the colonial period, the anticorruption law and the anticorruption agency were either inadequate or ineffective (Quah 2003:112). Corruption was made illegal in Singapore as early as 1871. However, it was not until 66 years later that the first anticorruption law was introduced with the enactment of the Prevention of Corruption Ordinance (POCO). The POCO only identified three instances of corrupt behaviour and specified the penalty for those found guilty of corruption as a prison term of only two years and/or a fine of S\$10,000. The powers of corruption investigation were greatly limited as the police had to get warrants before arrests could be made. It took another nine years before the POCO was amended in 1946 to increase the penalty to a prison term of three years, thus making corrupt offences seizable ones and automatically gave police officers “much wider powers of arrest, search and investigation”. (Quah 2003:113)

The Anti-Corruption Branch (ACB) of the Criminal Investigation Department (CID) was responsible for combating corruption in colonial Singapore. However, the ACB had only 17 men with limited resources. As police corruption was prevalent in colonial Singapore, it was difficult and practically impossible for a unit within the police force to perform such task as to eradicate corruption in the SPF and other government departments. (Quah 2003:112-3) In 1950, the Commissioner of Police, J.P. Pennefather-Evans, reported that graft was rife in many government departments. A few days later, the Chief of the ACB indicated that the problem of corruption had deteriorated. These reports on the prevalence of bureaucratic corruption led to the criticism of the ACB's ineffectiveness and the colonial government's "weak and feeble attempt" to fight corruption by Elizabeth Choy, a member of the Second Legislative Council on February 20, 1952. She recommended that the government should introduce stronger measures to eradicate corruption by removing the ACB from the police force and expanding its size, and by strengthening the POCO. (Quah 1995:3)

3.4 The Opium Hijacking Scandal

In October 1951, a consignment of 1800 pounds of opium worth S\$400,000 was stolen by a gang of robbers, which included three police detectives. A special team

appointed by the British colonial government and headed by a senior Malayan Civil service officer was formed to investigate the robbery. The team found that there was widespread police corruption especially among those policemen involved in protection rackets. Unfortunately, not all the senior police officers were prosecuted as some of them were not convicted because of insufficient evidence. When the investigation was completed, only an Assistant Superintendent of Police was dismissed and another officer retired.

This scandal made the British colonial government realise the importance and value of creating an independent anti-corruption agency that would be separate from the police. Accordingly, it replaced the ACB with the special team as an independent agency to curb corruption in Singapore. Thus, the ACB's failure to curb corruption in colonial Singapore led to its demise and the creation of the CPIB in October 1952.

3.5 Anticorruption Reform after Independence

Singapore was impoverished and corrupt when it attained self-government. In 1960, Singapore's GDP per capita was S\$1,330 or US\$443 (Ministry of Trade and Industry 1986). The general public was dissatisfied with the corrupt colonial government. When the People's Action Party (PAP) launched its electoral campaign by committing to "stay clean: dismiss the venal", they won the majority's support in the May 1959 general election. The newly elected PAP government realised that it had to minimise corruption in order to ensure that the Singapore Civil Service and the statutory boards attained their national development goals. In 1960, they initiated a comprehensive anti-corruption strategy aiming at reducing both opportunities and incentives for corruption.

3.5.1 Reducing opportunities for corruption

Singapore's anticorruption efforts involve specific and non-specific measures (Rahman 1986:147). The specific measures include the activities under the POCA and the work of the CPIB. The PAP leaders realised immediate actions need to be adopted to demonstrate to the public their determination to eradicate corruption. Accordingly, their immediate anticorruption tasks involved enacting the POCA and strengthening the CPIB. The Prevention of Corruption Act (POCA), enacted on June 17, 1960, was the government's endeavour to strengthen the existing legislation (POCO) to reduce

the opportunities for corruption and to increase the penalty for corrupt behaviour. Compared with the previous legislation, the POCA has a wider scope. Corruption was explicitly defined in terms of the various forms of “gratification”. The penalty for corruption was increased and tightened. Most importantly, it gave the CPIB officers more powers in performing its duties. (Rahman 1986:149-50, Quah 2003:115-7) Moreover, to ensure the POCA’s effectiveness, the PAP government amended it whenever necessary to deal with unanticipated problems (Quah 2003:116). From 1963 to 1989, the POCA has been amended for several times to further empower the CPIB officers in investigating corruption. New complementary legislation was introduced, such as the *Corruption Confiscation of Benefits Act* 1989, which was strengthened and renamed the *Corruption, Drug Trafficking and Other Serious Crimes Act* of 1999, to ensure harsh punishment and increase the cost of corruption. These legislations give the CPIB discretion to seize assets and establish the preconditions wherein an individual convicted of corruption is punished by lengthy prison terms and substantial fines.

The Corruption Practices Investigation Bureau (CPIB) is Singapore’s analogue to Hong Kong’s ICAC. The main responsibility of the CPIB is to enforce the POCA’s provisions. Specifically, the CPIB performs three functions: (1) to receive and investigate complaints concerning corruption in the public and private sectors; (2) to investigate malpractices and misconduct by public officers; and (3) to examines the practices and procedures in the public service to minimise opportunities for corrupt practices (CPIB 2001). These functions are performed by three branches: the Investigation Branch, which is the largest one and responsible for corruption investigations; the Data Management and Support Branch, which formulates corruption prevention strategies and to screen candidates for public appointments, promotions, scholarships and training courses, applicants for citizenship, and contractors competing for government contracts; and the Administration Branch, which provides secretarial support to the other two branches and is responsible for the financial and personnel administration of CPIB. (Quah 2003:118-9) It is worth noting that the CPIB does not have the function of education and training. In fact, more weights are being put on corruption investigation as suggested by its name.

The non-specific measures refer to the administrative measures by various government agencies and regulations that regulate the official behaviour of the bureaucrats. The agencies under this category are the Public Service Commission, the Budget Division of the Ministry of Finance, the Audit Department and the Central Complaints Bureau. The regulations under this category are those in the *Instruction Manuals* laying down codes of conduct in the civil service, *the Public Service Regulations* (1970), and *the Public Service Rules* (1970). The administrative measures can include disciplinary proceedings by the Public Service Commission, close scrutiny of government expenditures by the Auditor-General's Department and the Public Accounts Committee of Parliament, and control of public spending by the Ministry of Finance.

Moreover, corruption prevention plays a pivotal role in Singapore's anticorruption reform. Although the CPIB was later entrusted with prevention work, the primary responsibility for preventing corruption lies with the respective government departments. A permanent secretary of a ministry is charged with ensuring that each department under him or her has a committee to review anticorruption measures. The government instruction manuals spell out the secretary's additional responsibilities for ensuring that reasonable and adequate measures are taken to prevent corrupt practices. The public managers are actively engaged in controlling corruption risks in organizations. The specific corruption prevention measures includes:

“improving cumbersome work methods and procedures to avoid delay in granting permits, licenses, and similar documents; making supervision more effective; devising a control system to ensure that junior officials with decision-making power do not abuse such power; giving supervisors enough time to check and control the work of staff; requiring senior officials to systematically carry out surprise checks as well as routine ones; ensuring that supervisors and administrative staff take anticorruption measures seriously and are not lax in checking or reporting their subordinates; rotating staff so that no individual or group remains too long in an operations unit; and ensuring that measures set up to prevent corrupt practices are reviewed once every three to five years” (Tan 1999a).

These prevention measures have been illustrated in the case studies in three areas of corruption prevention and corruption control: (1) a system of checks and regular reviews to minimize opportunities for corruption, (2) efficiency and service standards in delivery of public services to eliminate incentives for bribery and (3) self-correcting reforms and remedies to prevent and deter future corruption attempts (Tan 2003).

3.5.2 Reducing incentives for corruption

The PAP government believed that an efficient bureaucratic system is one in which the officers are well paid so that the temptation to resort to bribes would be reduced (Rahman 1986:151). However, the government was able to improve civil service wages only starting from 1970s, long after it had achieved economic growth. The original rationale for the increase of salary is to prevent the brain drain of talented civil servants to the private sector. Later in 1985, the then Prime Minister Lee Kuan Yew justified his government approach to combating corruption by reducing or removing the incentives for corruption. He contended that political leaders should be paid the top salaries that they deserved in order to ensure a clean and honest government. Accordingly, the salaries of civil servants in Singapore were increased in 1973, 1979, 1982, 1989 and 1994 to narrow the gap between salaries in the two sectors. The 1989 and 1994 salary revisions have increased the salaries of senior civil servants in Singapore to such a high level that they are earning perhaps the highest salaries in the world compared to their counterparts in other countries. (Quah 2003:120-2)

In sum, Singapore's experience combines factors such as swift and severe punishments for wrongdoers, the pivotal role of prevention through both CPIB and various government departments, leaders committed to act against corruption, and well-paid civil servants. The effectiveness of the combination of strategies will be briefly examined in the following section.

3.6 Impact of the Anticorruption Reform

Today, Singapore is reputed to be one of the cleanest nations in the world, where syndicated corruption is rare and corruption in the public service is generally petty in nature. There are two turning points that caused shift in national psyche: one is the

conviction of Minister of State Wee Toon Boon in 1975 and investigation of other political leaders; the other is the fact that the public appreciated the new order, free of all encumbrances brought upon by corruption, which whetted appetite for further corruption control and touched off another virtuous cycle.

The effectiveness of both the specific and non-specific measures is reflected in the relatively low incidence of bureaucratic corruption in Singapore, which has been well recognised in the international press. It is also reflected in the number of cases received by two important agencies handling bureaucratic corruption. In Rahman's (1986: 151) study on legal and administrative measures in fighting corruption, it has been found that Singapore has the highest proportion of registered cases (53%) being found accurate and 30% cases received severe punishment.

Every year from 1995 to 2005, the Hong Kong based PERC ranked Singapore as the least corrupt country among 12 Asian countries. Singapore was ranked on Transparency International's Corruption Perception Index among top 10 During the same time period. In 2005, Singapore's ranking is 5th among 159 countries.

Table 3.6.1 Singapore's TI and PERC rankings

Year	CPI Ranking	Total No. of Country Surveyed in CPI	PERC Ranking	Total No. of Country Surveyed in PERC
1995	3	41	1	11
1996	7	54	1	12
1997	9	52	1	12
1998	7	85	1	11
1999	7	99	1	12
2000	6	90	1	12
2001	4	91	1	12
2002	5	102	1	12
2003	5	133	1	12
2004	5	146	1	12
2005	5	159	1	12

4 Comparative Analysis

Manion (2004) explores the prospects and prescriptions for reform in a setting where corruption is so widespread as to constitute its own informal political system. “Corruption by Design” summarises three basic differences in institutional and constitutional designs that either promote clean government or generate and sustain corruption. Explicit choices of institutional design explain much of Hong Kong’s successful transformation from widespread corruption to clean government. Different choices, in different contexts, explain the emergence and tenacity of mainland China’s corruption – and suggest the country may not be poised to advance quickly from its corrupt or barely intermediate status toward the superior stability of clean government.

The three basic differences reflect in the design of (1) the anticorruption agency, (2) the anticorruption strategy, and (3) the context that puts constraints on power. Does Singapore’s experience prove or disprove those findings? This section compares and contrasts Singapore’s anticorruption experience under each of Manion’s headings with that of Hong Kong and China, in a hope to shed some lights on this inquiry.

4.1 Anticorruption Agency

Anticorruption reformers often create new agencies to reduce the massive volume of corruption. These agencies are responsible to enforce anticorruption legislation, with specific powers to detect and deter corruption. Some of these anticorruption agencies have produced impressive reform successes, but many others failed (Johnston 2002:255). In a setting of widespread corruption, corrupt enforcers and a shortage of enforcement resources, relative to the scope of the problem, pose significant obstacles. Manion (2004) argues that the Independent Commission Against Corruption (ICAC) in Hong Kong is an example of an agency design that overcame the obstacles, thereby enabling Hong Kong to achieve a nonincremental “equilibrium shift” from widespread corruption to clean government.

Manion claims that the independence, adequate financial resources and draconian power are the key components of agency design that enabled the ICAC to be more effective in corruption control. Extraordinary financial resources and draconian powers of investigation facilitated enforcement. Most importantly, agency

independence worked as a signal of an “equilibrium switch” and established the credibility of the government particularly in the context where the police corruption was rampant.

The ICAC is independent in terms of structure, staffing, finance and power. It is directly responsible to the Governor (the Chief Executive after 1997 takeover) and can practically design anticorruption policies to the extent that dismays other Government departments as long as the Governor agrees. The Commissioner is appointed with a fix term by the Chief Executive. His staffs are recruited separately from the Civil Service and the Police. Officials in the ICAC were not transferred to other departments, therefore no one in the ICAC could end up working for a senior officer who had been subject to investigation. Although ICAC resources do come from the Government, and its annual budget has to go through the normal authorisation procedure, the ICAC reserves greater financial leeway and managerial convenience than most other regular staff or line departments. ICAC’s powers are embodied in the ICAC Ordinance and the Prevention of Bribery Ordinance, which gives the ICAC some of the powers embodied in the Police Force Ordinance. For example, the ICAC has the option either to keep the arrested suspects in its own office for questioning or to bring them to a police station, and ICAC Operation staff can also carry firearms. (Wong 1981) The independence of the ICAC and prominent early success in enforcement successfully reduced the corruption payoffs and sent a clear signal to the corrupt officials and ordinary citizens about the sincerity and credibility of the government.

Singapore, like Hong Kong, has only one anticorruption agency, the CPIB, which has been granted draconian power and sufficient financial support. In 1986, CPIB had a budget of USD \$4.33 million (Quah, 1999). In 2006, the CPIB has been allocated a budget of \$11.54 million or 7.0% of the total operating expenditure of the Prime Minister’s Office (Ministry of Finance 2006). The CPIB derives its power from the POCA that grants it remarkable discretion (Heilbrunn 2004:6). For example, the CPIB officers are not appointed as police officers but under Section 19 of the *Prevention of Corruption Act*, the Public Prosecutor may by order, authorise a CPIB officer to exercise all or any of the powers of a police officer while investigating any offence under any written law. With only 75 staff members, however, the CPIB lacks the

presence of Hong Kong's ICAC, and it has accordingly a narrow investigative function. The CPIB has largely relied on deterrent strategies. In fact, the immediate impact of CPIB's investigation won the public support. As the work of the bureau demonstrated a real commitment to investigate and punish corruption, and public sector officials were dismissed from offices or resigned, confidence in the work of the CPIB grew among citizens (CPIB 2006).

Quah (1995) believes Singapore's CPIB to be more effective than Hong Kong's ICAC. However, the effectiveness came at the cost of its independence. CPIB's location in the Prime Minister's Office is considered as one important factor that makes it work more effectively (Quah 1995:397); however, some other observers argue that putting the CPIB directly in the Executive branch indicates a high level of commitment on the part of Singapore's political leadership and might also be seen as part of the structure of semi-authoritarian rule. Moreover, the reporting hierarchy in the CPIB reinforces the executive's influence while reducing the CPIB's independence. Further, countervailing measures that might control the CPIB, or at a minimum place some constraints through oversight bodies, are absent (Heilbrunn 2004:6). Singapore's oversight mechanisms are less clearly defined with the CPIB than Hong Kong's ICAC that is subject to the scrutiny of internal and external committees systems and multiple reporting mechanisms. The fact that the CPIB does not even publish an annual report suggests that the CPIB prefers more secrecy. Lack of accountability of a police function has led to accusation of those corrupt convicts about the agency of heavy-handed behaviour in violation of their rights. In fact, different case studies indicate that the bureau tried to do its job thoroughly and well, although in some cases there have been reports of "overzealousness along with a trifle highhandedness" (Rahman 1986:150). Even Quah himself notes that the CPIB "should adopt a more open style and provide more information on its activities to the public" (1995:407). Nevertheless, the fact that Singapore has been ruled by a semi-authoritarian regime since independence renders this commitment and threat of punishment more credible. Moreover, the strong support from the political leadership in the fight against corruption successfully makes corruption a "high risk" business and reduces the corruption payoffs.

In the mainland China, by contrast, despite of adequate finance and sufficient power, the two anticorruption agencies, party discipline inspection committees and government procuratorates, failed to signal commitment to fight against corruption. The two anticorruption agencies have overlapping jurisdictions and an unclear division of labour. The discipline inspection committees have privileged organisational position, which ensures that problems of coordination depend on party initiative. One result is the routine delay in transferring corruption cases for criminal investigations by procuratorates. Another result is appropriation of cases and substitution of mild party disciplinary actions for harsh criminal punishments. The more important is that the anticorruption agencies are under the leadership of generalist party committees. Generalist party committees are executive agencies with multiple goals; their leadership creates friction with specialist discipline inspection committees. The consequences of the conflicting goals are particularly relevant in the transitional period. As some commentators point out, China's reform policies after 1978 have pursued rapid economic growth at the cost of "an explosion of corruption" (Gong 1994). In all, the anticorruption agency designs in China didn't sufficiently increase the risk of engaging in corrupt transactions because of the low probability of being caught and mild punishment in most cases. They clearly contrasted with the advantage of exclusive mission in independent agency design. As a result, the general public see the government's efforts as "loud thunder but little rain" and don't believe the government has the ability and credibility to control corruption.

To sum up, the anticorruption agencies in Hong Kong, Singapore and Mainland China are all powerful and well-financed agencies. The difference is the level of independence and the effectiveness of the anticorruption efforts. Hong Kong ICAC enjoys the relatively most freedom in terms of structure, finance, staff and power, which successfully reduce the corruption payoffs through its effective enforcement and shifts the shared expectations on the credibility of the government. Singapore CPIB is less independent due to the semi-authoritarian structure; nevertheless, it is also effective because of a strong political commitment to reduce corruption and accordant harsh punishment. The two anticorruption agencies in Mainland China, by contrast, are subordinated to generalist party committees and granted overlapping duties. Anticorruption goals are subject to other goals (such as short-term economic growth rate) and mild party punishments substitute harsh legal penalty. As the result,

they not only failed to effectively make corruption a high-risk activity, but also failed to establish the government as credible enforcer.

4.2 Anticorruption Strategy

Having discussed the role of anticorruption agency in the fight against corruption in Hong Kong, Singapore and Mainland China, I would now consider the anticorruption strategies of the three governments in fighting corruption. As has been discussed above, Klitgaard and others argue that the bureaucrat as economic agent calculates cost and benefit of engaging in corrupt activities. The calculation can be influenced by her personal attributes such as income and moral standard, and by external factors such as opportunities available, economic rents associated with the opportunities and the punishment she might receive if acting corruptly. Therefore, successful government interventions should target at reducing the corruption payoffs and the incentives for the bureaucrat to engage in corrupt transactions. Moreover, the government can accelerate the success by building shared expectations of clean government to influence the bureaucrat's choice of being corrupt or not.

The anticorruption strategy of the Hong Kong ICAC is three-pronged, focusing on enforcement, prevention and education. Apart from enforcement to detect and investigate corruption and bring about successful prosecution of the corrupt, the ICAC is also responsible for public education and increase the psychic costs of corrupt activities, as well as the institutional design to reduce opportunities for corruption presented in the organisation of government work (and in the private sector). The comprehensive strategy is targeting at the root causes of corruption. Enforcement is to increase the probability of being caught and the punishment; education is to increase the moral cost of corruption and prevention is to reduce the opportunities for corruption.

Singapore's anticorruption strategy addresses both the incentives and opportunities to be corrupt. The government's interventions attempt to reduce the opportunities for corruption by strengthening enforcement through specific measures such as the POCA and the CPIB, as well as the non-specific measures such as government agencies and regulations that control the bureaucratic behaviour. Prevention work by both CPIB and other government departments is also a pivotal part of the strategy. At the same

time, Singapore addresses the incentives for corruption by improving salaries and working conditions in the public service.

Quah argues that Singapore's strategy is more comprehensive because it is concerned with reducing incentives by improving salaries. Although the rationale of increasing salary is targeted at the root causes of corruption. The relationship between legitimate income or fair wages and corruption, however, is ambiguous. The empirical study by Rijkeghem and Weder (2001) suggests that a rather large increase in wage is required to eradicate corruption solely by raising wages. As widespread corruption often occurs in less developed countries, paying public servants sufficiently high salary is usually beyond their capability. What Quah (2003) generalises in his comparison of six Asian countries puts too much emphasis on enforcement by anticorruption laws and agencies. Sufficient attention has not been paid to the administrative measures to regulate bureaucratic behaviour, and the prevention work undertaken by various government departments.

In mainland China, although the policy roots of the most common forms of corruption strongly recommend attention to incentive structures as an important component of anticorruption reform in China's changing political economy, Chinese leaders have mostly neglected institutional design in favour of campaigns emphasising enforcement in the previous years. Only in recent years have Chinese leaders begun to complement blunt prohibitions with redesigned incentive structures to reduce corruption. A three-pronged anticorruption system emphasising education, prevention and enforcement was implemented in 2005, but the effectiveness is yet to be tested. Moreover, as a recent article in the *South China Morning Post* (2006) pointed out, most of the prevention measures are not targeting at the cause but the symptom.

To sum up, both Singapore and Hong Kong adopted a comprehensive anticorruption strategy aiming at the root causes of corruption. Both emphasised on enforcement to raise the cost of corruption and on prevention to reduce the opportunities for corruption. Both also emphasised on reducing incentives for corruption. Whereas Hong Kong pay attention to the education to raise the moral standard, Singapore put more efforts on improving the salaries and working conditions. In Hong Kong, the ICAC is mainly responsible for the anticorruption job; while in Singapore, various

government departments join the CPIB and play the major role in the improvement of work procedures. By contrast, leadership in Mainland China only realise the importance of a wholesome anticorruption strategy in recent years. The rapid economic growth raised serious problems in terms of moral standard and weak institutions. Without having paid timely and sufficient attention to education and reorganisation of procedures, Mainland China's anticorruption reform has been largely regarded as "failed" (Please see Appendix for the CPI scores measuring levels of corruption in Hong Kong, Singapore and Mainland China).

4.3 Constraints on Powers

In the previous section, I have discussed and contrasted government interventions to control corruption in particular the effects of different anticorruption agency designs and anticorruption strategies. This section considers grander contextual issues in anticorruption reform. Particularly, it discusses different roles of political and legal systems that constrain the use of powers. As John Dalberg Acton once put it, "Power tends to corrupt, and absolute power corrupts absolutely". Without necessary and proper constraints on powers, small-scale government interventions will not yield satisfactory results.

Manion (2004) notes that the basic difference between Hong Kong and Chinese mainland lies in the different constitutional designs. For anticorruption reform to succeed, the government's commitment to it must be credible to ordinary citizens and corrupt officials. This makes sense only within a context of shared understanding of government responsibility toward the governed. Usually, this derives from a contextual bundle of grand constitutional design that constrains public power. Manion particularly considers the role of law and real civil liberty in these two parts of China. When the governor staked his reputation on ensuring that rule of law extended to law enforcers from top to bottom, it was within this context, whereas leaders in mainland China failed to signal commitment to clean government with agency design or the role assigned to laws and legal institutions because of the missing context that works in Hong Kong.

4.3.1 Rule of Law

Cotterrell (1996) suggests two dimensions of the rule of law: first, law is “not only reliably enforced but also general in application, applied uniformly to all cases within its terms”. It is, therefore, predictable and calculable in its general consequences, permitting a sphere of freedom to the citizen. And second, the courts function to “provide security against arbitrary exercises of discretionary power by government”.

Hong Kong began its anticorruption reform with a strong legal base. A single law, the Prevention of Bribery Ordinance, strengthened in 1971 with the inclusion of “unexplained income or property” as evidence of corrupt practices, offered a clear and tractable definition. The only new law, passed in 1974, established the ICAC and its authority to investigate corruption. A main thrust of the early anticorruption effort was popular education about the connotation of corruption and the powers of the ICAC to investigate it. Judicial corruption was rare, which meant that legal standards upheld by the ICAC in enforcement were upheld in the courts. As Jones (1999) points out, “Hong Kong people were not given democratic rights but they were given legal rights. In place of political accountability they were promised legal accountability; in place of political transparency they were to have legal transparency; instead of political redress, they would be given legal redress.”

Singapore also respects the rule of law. The British colonial government made corruption illegal as early as 1871 with the enactment of the *Penal Code of the Straits Settlement*. The first specific anti-corruption law was introduced in 1937 with the enactment of the Prevention of Corruption Ordinance (POCO). The Opium hijacking scandal made the British colonial government create the CPIB in 1952 that was authorised power to combat corruption. The PAP government further strengthened the existing anticorruption laws by explicitly defining corruption and making amendments to facilitate anticorruption enforcement. Moreover, Singapore’s judiciary is relatively legalistic, consistent and free from corruption (Kamarul and Tomasic 1999:160). In 2005, the Hong Kong – based Political and Economic Risk Consultancy (PERC) selected Singapore’s judicial system as the best in Asia.

By contrast, anticorruption reform in Mainland China did not begin with an especially propitious base: the first criminal code was passed only in 1979 in a legal vacuum.

Rapid social and economic development in the past decades left lawmakers with new activities to take into account as they developed a definition of criminal corruption. Irregular campaigns were used in the past to combat corruption, where “intense politicisation is required to put the law to work”, therefore, “politics, not law, was effectively at work during the campaigns – politics that undermined law with its ostensible support.” Law has sovereignty in theory, but in practice, in the operations of the state, government and state policy are above the law. Judicial administration is subject to government direction. (Kamarul and Tomasic 1999:158)

To sum up, both Hong Kong and Singapore uphold the rule of law. Legal clarity, breadth, stability, and ease of application all contribute to a situation where corrupt officials were routinely punished according to law. That the law is harsh, violating notions of presumption of innocence, probably enhanced public confidence in the reliability of anticorruption enforcers as it augmented the predictability of punishment. Judicial corruption was rare. Whereas in mainland China, the court is subject to the influence of the Party. The ambiguity of law and the politicisation of the authority of law in campaigns hobbles law as a meaningful constraint on the abuse of official power.

4.3.2 Political Freedom

As mentioned above, political institutions that entail more political freedom also set limits to the exercise of powers. Political freedom is usually measured according to two broad categories: political rights and civil liberties. Political rights enable people to participate freely in the political process, exerting their right to vote, stand for public office, and elect representatives who make public policies and are accountable to the electorate. Civil liberties allow for the freedoms of expression and belief, associational and organizational rights, and personal autonomy without interference from the state. People in a country with a high degree of political freedom can participate in the political process more openly and actively, which in turn helps alleviate corruption by empowering people to monitor the exercise of the official power.

Hong Kong has been governed as a British colony for nearly 150 years and remained a special administrative region of the People’s Republic of China since the 1997

takeover. When Hong Kong began the anticorruption reform in 1973, electoral constraints were absent; however, civil liberties were not absent (Manion 2004: 205-8). This situation has not changed too much today. According to the Freedom House (2005), Hong Kong scores 5 with regards to “political rights” and 2 in terms of “civil liberty” (note that the lower the rank the more it is free). This is strongly contrasted with the Chinese mainland. Although the ongoing economic reform has largely liberalised the economy, Mainland China is still regarded as a country without much political freedom, with “political rights” scored 7 (not free) and “civil liberty” 6 (not free). According to Freedom House (2005), China remains “an authoritarian state under the complete control of the Chinese Communist Party”.

Contrasted with Hong Kong and Mainland China, Singapore is a parliamentary democracy holding election every five years. However, in the ten general elections that have been held since independence, the People’s Action Party (PAP) has never won fewer than 95 percent of parliamentary seats. In the recent general election held in May 2006, the PAP led by Prime Minister Lee Hsien Loong again won 82 of the 84 parliamentary seats. Quah (2003:109) argues that the long-term uninterrupted rule by the PAP ensures the effectiveness and predictability of policy-making and implementation, and thus has enabled the PAP government to enforce the POCA impartially. However, to the PAP leaders, “representative” government is less important than “responsible” government, in which electors are not simply given what they want but are led by elites along the lines most appropriate for Singapore’s long-term development. Singapore scores 5 (partly free) in the Freedom House’s “political rights” and 4 in “civil liberty” (partly free). As Freedom House points out, “opposition parties are constrained by the ban on political films and televised programs; the curtailing of expressions of political opinion by the threat of libel or slander suits; strict regulations and limitations on associations, including political association; and the PAP influence of the media and in the courts, among other things.”

It seems Manion’s theory does not work here with regards to the political freedom and civil liberty that the Singaporeans enjoy. On the contrary, Quah attributes the success of Singapore’s anticorruption reforms to strong, wise and consistent leadership even at the cost of political rights and civil liberty. However, why the one-party dominant

Singapore can achieve anticorruption success, whereas Communist China can't? Before we reach any conclusion, let's look at some other explanations.

4.4 Other Explanations

As has discussed in part 2, corruption becomes possible when the monopoly power combines with discretion less the accountability and transparency. Corruption occurs where those in positions of power fail to keep their public and private interests separate. It has been argued that there would be no need for monitoring or control of such separation if the markets – for labour, capital, and commodities – were perfect (Jain 2001:214). Quantitative studies have also demonstrated the strong and negative relationship between economic freedom and level of corruption (Goel and Nelson 2005). These studies reveal that the freer the economy, the lower level of corruption.

The early British brought with Hong Kong a highly commercial orientation, creating an atmosphere whose major attraction was largely economic. Hong Kong is a free port with no barriers to trade. It has simple procedures for starting enterprises, free entry of foreign capital and repatriation of earnings, and transparency (Heritage Foundation 2006). According to the Economic Freedom Index developed by the Heritage Foundation (2006), Hong Kong ranks no. 1 among 157 countries with the score of 1.28 (score 1 denotes most free and 5 denotes most unfree). Singapore follows Hong Kong and ranks no. 2 with a score of 1.56. Although government intervention and fiscal burden in Singapore is comparatively high, the performances among other eight categories⁴ are quite good. By contrast, although the Mainland China has liberalised its economy by a large margin, the economy is still under the strong control of the government. China's Economic Freedom score is 3.34, grouped in the category of "mostly unfree".

Moreover, Hong Kong and Singapore share many other similar features that Mainland China does not have. Both Hong Kong and Singapore are small and highly urbanised city-states. Although Manion (2004:10) accepts that there is no relationship between the size of a country and the level of corruption (see Knack and Azfar 2001), Quah is

⁴ The ten categories are: Trade Policy, Fiscal Burden, Government Intervention, Monetary Policy, Foreign Investment, Banking and Finance, Wages and Prices, Property Rights, Regulation, Informal Market.

perhaps right in pointing out that the compactness of Singapore has assisted its anticorruption efforts in many ways. Singapore's small size, although raising economic and defence problems, greatly facilitates control. No part of the country is too remote to escape the government's attention, and the number of higher civil servants (or higher-ranked military officers) is too small for any of them to be anonymous to the top half-dozen political leaders. Moreover, Quah (1995: 407, 2003:107) notes that the rural sector in Singapore is negligible. The high degree of urbanisation relieves the government from the burdens arising from rural-urban migration or from rural development programmes. By contrast, China is a huge country with 23 provinces, 5 autonomous regions and 4 municipalities. 2/3 of the population are farmers. The previous policy emphasising on urban development neglected the development of rural area and thus posed a difficult problem for the government to solve. These factors cannot be easily dismissed when considering the challenges in front of China's anticorruption reformers.

5 Conclusion

Now this conclusion is drawing the above discussion to bear on the questions set out at the beginning of the paper: is Manion's theory supported by Singapore's case? Manion (2004) argues that some institutional designs promote clean government, while others generate and sustain corruption. Hong Kong's successful transformation from widespread corruption to clean government was attributed to its choices of proper institutional design, which successfully signalled the political commitment of the Colonial government to eliminate corruption and reduced the corruption payoffs. While different choices by Mainland China, in different context, failed to convince people the authority's sincerity of fighting against corruption and thus explained the difficulties of its anticorruption reform. These differences are explicitly reflected in the designs of anticorruption agency, anticorruption strategy and the constitutional context that constrains power, in particular the rule of law and political freedom.

Singapore's experience reinforces Manion's theory about the importance of properly designed anticorruption agency and comprehensive anticorruption strategy. Singapore's CPIB is a powerful, well-financed and independent anticorruption agency. Although its location in the Prime Minister's Office and the absence of internal and external accountability mechanism make it less independent compared with Hong Kong's ICAC, the CPIB, with the strong and determined support from the top leadership, successfully reduced the corruption payoffs and changed the public's shared belief by its effectively enforcement of the anticorruption law (the POCA). Singapore adopts a comprehensive anticorruption strategy, which targets at the root causes of corruption and attacks corruption as a whole. It aims to reduce opportunities for corruption by "swift and sure" enforcement and removing corruption-prone risks in the administrative procedures. It also aims to reduce the incentives for corruption by improving the salaries and working conditions of public servants.

Singapore's experience also illustrates the importance of rule of law, which is consistent with Manion's finding. Singapore started its anticorruption reforms on a strong legal basis. Rule of law is respected and upheld in Singapore. The court is relatively legalistic, consistent and free from corruption. The anticorruption law is explicit and the punishments are harsh. The PAP government has paid timely attention

to strengthen the existing anticorruption laws and make sure that corrupt officials were routinely punished according to law.

Singapore's case highlights the importance of political support in successful anticorruption reform. Institutional designs would not have worked so well in Singapore without strong political willingness to tackle corruption. This, however, does not support Manion's finding that a grand constitutional context allowing high degree of political freedom contributes to the success in anticorruption reform. Although Singapore is formally a parliamentary democracy, the same political party has been dominating the political arena ever since its independence. Oppositions are suppressed, and civil liberty is under strict control. The fact that Singapore succeeded under the semi-authoritarian rule may suggest other factors that Manion does not consider. Both Singapore and Hong Kong are liberalised economy where opportunities for bureaucrats to use discretionary power are relatively few. Although Singapore's government plays an important role in the economy, the discretionary powers are used openly and with known rules of the game. Moreover, both Singapore and Hong Kong are small and highly urbanised city-state, which facilitated the control of the authority in anticorruption reforms.

Singapore's experience offers a new perspective to Manion's theory. It not only shows that to successfully tackle corruption, it is essential to have an effective anticorruption agency supported by a strong political will, a comprehensive anticorruption strategy targeting the root causes of corruption and rule of law, but also suggests that the anticorruption reform could be much easier in a liberalised economy, together with other favourable country factors providing contexts that facilitate the implementation of policy. More importantly, Singapore's peculiar political system suggests that the political system might not matter so much as Manion (2004) suggests in controlling bureaucratic corruption if the above conditions are satisfied. Therefore, Manion's conclusion that China is heading to a point of no return unless it embraces a different political system is not supported. It may instead suggest that if Chinese leaders are sincere in anticorruption and accordingly enhance the rule of law and further liberalise its economy, the equilibrium can be shifted from widespread corruption towards clean government over time.

Anticorruption will continue to be a key focus of governments and international donors. Hong Kong, Mainland China and Singapore have provided intriguing cases for comparative studies in order to find prescriptions to control corruption. However, because of the particular political systems of these three cases, the interaction between political system and the effectiveness of anticorruption reform has not yet been fully explored. Including Taiwan, another “China” under the semi-presidential political system, into the comparative research might help solve this problem. This perhaps points to the future direction of research. Let’s hope with more knowledge accumulated through rigorous comparative studies, government interventions could be designed more effectively in curbing corruption.

Appendix 1: Transparency International 2005 Corruption Perception Index

Country rank	Country	2005 CPI score*	Confidence range**	Surveys used***
1	Iceland	9.7	9.5 - 9.7	8
2	Finland	9.6	9.5 - 9.7	9
	New Zealand	9.6	9.5 - 9.7	9
4	Denmark	9.5	9.3 - 9.6	10
5	Singapore	9.4	9.3 - 9.5	12
6	Sweden	9.2	9.0 - 9.3	10
7	Switzerland	9.1	8.9 - 9.2	9
8	Norway	8.9	8.5 - 9.1	9
9	Australia	8.8	8.4 - 9.1	13
10	Austria	8.7	8.4 - 9.0	9
11	Netherlands	8.6	8.3 - 8.9	9
	United Kingdom	8.6	8.3 - 8.8	11
13	Luxembourg	8.5	8.1 - 8.9	8
14	Canada	8.4	7.9 - 8.8	11
15	Hong Kong	8.3	7.7 - 8.7	12
16	Germany	8.2	7.9 - 8.5	10
17	USA	7.6	7.0 - 8.0	12
18	France	7.5	7.0 - 7.8	11
19	Belgium	7.4	6.9 - 7.9	9
	Ireland	7.4	6.9 - 7.9	10
21	Chile	7.3	6.8 - 7.7	10
	Japan	7.3	6.7 - 7.8	14
23	Spain	7.0	6.6 - 7.4	10
24	Barbados	6.9	5.7 - 7.3	3
25	Malta	6.6	5.4 - 7.7	5
26	Portugal	6.5	5.9 - 7.1	9
27	Estonia	6.4	6.0 - 7.0	11
28	Israel	6.3	5.7 - 6.9	10
	Oman	6.3	5.2 - 7.3	5
30	United Arab Emirates	6.2	5.3 - 7.1	6
31	Slovenia	6.1	5.7 - 6.8	11
32	Botswana	5.9	5.1 - 6.7	8
	Qatar	5.9	5.6 - 6.4	5
	Taiwan	5.9	5.4 - 6.3	14
	Uruguay	5.9	5.6 - 6.4	6

36	Bahrain	5.8	5.3 - 6.3	6
37	Cyprus	5.7	5.3 - 6.0	5
	Jordan	5.7	5.1 - 6.1	10
39	Malaysia	5.1	4.6 - 5.6	14
40	Hungary	5.0	4.7 - 5.2	11
	Italy	5.0	4.6 - 5.4	9
	South Korea	5.0	4.6 - 5.3	12
43	Tunisia	4.9	4.4 - 5.6	7
44	Lithuania	4.8	4.5 - 5.1	8
45	Kuwait	4.7	4.0 - 5.2	6
46	South Africa	4.5	4.2 - 4.8	11
47	Czech Republic	4.3	3.7 - 5.1	10
	Greece	4.3	3.9 - 4.7	9
	Namibia	4.3	3.8 - 4.9	8
	Slovakia	4.3	3.8 - 4.8	10
51	Costa Rica	4.2	3.7 - 4.7	7
	El Salvador	4.2	3.5 - 4.8	6
	Latvia	4.2	3.8 - 4.6	7
	Mauritius	4.2	3.4 - 5.0	6
55	Bulgaria	4.0	3.4 - 4.6	8
	Colombia	4.0	3.6 - 4.4	9
	Fiji	4.0	3.4 - 4.6	3
	Seychelles	4.0	3.5 - 4.2	3
59	Cuba	3.8	2.3 - 4.7	4
	Thailand	3,8	3.5 - 4.1	13
	Trinidad and Tobago	3,8	3.3 - 4.5	6
62	Belize	3.7	3.4 - 4.1	3
	Brazil	3,7	3.5 - 3.9	10
64	Jamaica	3.6	3.4 - 3.8	6
65	Ghana	3.5	3.2 - 4.0	8
	Mexico	3.5	3.3 - 3.7	10
	Panama	3.5	3.1 - 4.1	7
	Peru	3.5	3.1 - 3.8	7
	Turkey	3.5	3.1 - 4.0	11
70	Burkina Faso	3.4	2.7 - 3.9	3
	Croatia	3.4	3.2 - 3.7	7
	Egypt	3.4	3.0 - 3.9	9
	Lesotho	3.4	2.6 - 3.9	3
	Poland	3.4	3.0 - 3.9	11

	Saudi Arabia	3.4	2.7 - 4.1	5
	Syria	3.4	2.8 - 4.2	5
77	Laos	3.3	2.1 - 4.4	3
78	China	3.2	2.9 - 3.5	14
	Morocco	3.2	2.8 - 3.6	8
	Senegal	3.2	2.8 - 3.6	6
	Sri Lanka	3.2	2.7 - 3.6	7
	Suriname	3.2	2.2 - 3.6	3
83	Lebanon	3.1	2.7 - 3.3	4
	Rwanda	3.1	2.1 - 4.1	3
85	Dominican Republic	3.0	2.5 - 3.6	6
	Mongolia	3.0	2.4 - 3.6	4
	Romania	3.0	2.6 - 3.5	11
88	Armenia	2.9	2.5 - 3.2	4
	Benin	2.9	2.1 - 4.0	5
	Bosnia and Herzegovina	2.9	2.7 - 3.1	6
	Gabon	2.9	2.1 - 3.6	4
	India	2.9	2.7 - 3.1	14
	Iran	2.9	2.3 - 3.3	5
	Mali	2.9	2.3 - 3.6	8
	Moldova	2.9	2.3 - 3.7	5
	Tanzania	2.9	2.6 - 3.1	8
97	Algeria	2.8	2.5 - 3.3	7
	Argentina	2.8	2.5 - 3.1	10
	Madagascar	2.8	1.9 - 3.7	5
	Malawi	2.8	2.3 - 3.4	7
	Mozambique	2.8	2.4 - 3.1	8
	Serbia and Montenegro	2.8	2.5 - 3.3	7
103	Gambia	2.7	2.3 - 3.1	7
	Macedonia	2.7	2.4 - 3.2	7
	Swaziland	2.7	2.0 - 3.1	3
	Yemen	2.7	2.4 - 3.2	5
107	Belarus	2.6	1.9 - 3.8	5
	Eritrea	2.6	1.7 - 3.5	3
	Honduras	2.6	2.2 - 3.0	7
	Kazakhstan	2.6	2.2 - 3.2	6
	Nicaragua	2.6	2.4 - 2.8	7
	Palestine	2.6	2.1 - 2.8	3
	Ukraine	2.6	2.4 - 2.8	8

	Vietnam	2.6	2.3 - 2.9	10
	Zambia	2.6	2.3 - 2.9	7
	Zimbabwe	2.6	2.1 - 3.0	7
117	Afghanistan	2.5	1.6 - 3.2	3
	Bolivia	2.5	2.3 - 2.9	6
	Ecuador	2.5	2.2 - 2.9	6
	Guatemala	2.5	2.1 - 2.8	7
	Guyana	2.5	2.0 - 2.7	3
	Libya	2.5	2.0 - 3.0	4
	Nepal	2.5	1.9 - 3.0	4
	Philippines	2.5	2.3 - 2.8	13
	Uganda	2.5	2.2 - 2.8	8
126	Albania	2.4	2.1 - 2.7	3
	Niger	2.4	2.2 - 2.6	4
	Russia	2.4	2.3 - 2.6	12
	Sierra Leone	2.4	2.1 - 2.7	3
130	Burundi	2.3	2.1 - 2.5	3
	Cambodia	2.3	1.9 - 2.5	4
	Congo, Republic of	2.3	2.1 - 2.6	4
	Georgia	2.3	2.0 - 2.6	6
	Kyrgyzstan	2.3	2.1 - 2.5	5
	Papua New Guinea	2.3	1.9 - 2.6	4
	Venezuela	2.3	2.2 - 2.4	10
137	Azerbaijan	2.2	1.9 - 2.5	6
	Cameroon	2.2	2.0 - 2.5	6
	Ethiopia	2.2	2.0 - 2.5	8
	Indonesia	2.2	2.1 - 2.5	13
	Iraq	2.2	1.5 - 2.9	4
	Liberia	2.2	2.1 - 2.3	3
	Uzbekistan	2.2	2.1 - 2.4	5
144	Congo, Democratic Republic	2.1	1.8 - 2.3	4
	Kenya	2.1	1.8 - 2.4	8
	Pakistan	2.1	1.7 - 2.6	7
	Paraguay	2.1	1.9 - 2.3	7
	Somalia	2.1	1.6 - 2.2	3
	Sudan	2.1	1.9 - 2.2	5
	Tajikistan	2.1	1.9 - 2.4	5
151	Angola	2.0	1.8 - 2.1	5
152	Cote d'Ivoire	1.9	1.7 - 2.1	4

	Equatorial Guinea	1.9	1.6 - 2.1	3
	Nigeria	1.9	1.7 - 2.0	9
155	Haiti	1.8	1.5 - 2.1	4
	Myanmar	1.8	1.7 - 2.0	4
	Turkmenistan	1.8	1.7 - 2.0	4
158	Bangladesh	1.7	1.4 - 2.0	7
	Chad	1.7	1.3 - 2.1	6

Source: Transparency International, available at:

http://www.transparency.org/policy_research/surveys_indices/cpi/2005

Notes: * **CPI Score** relates to perceptions of the degree of corruption as seen by business people and country analysts and ranges between 10 (highly clean) and 0 (highly corrupt). ****Confidence range** provides a range of possible values of the CPI score. This reflects how a country's score may vary, depending on measurement precision. Nominally, with 5 percent probability the score is above this range and with another 5 percent it is below. However, particularly when only few sources (n) are available an unbiased estimate of the mean coverage probability is lower than the nominal value of 90%. *****Surveys used** refers to the number of surveys that assessed a country's performance. 16 surveys and expert assessments were used and at least 3 were required for a country to be included in the CPI.

Appendix 2: Country Facts of Singapore, Hong Kong and Mainland China

	Hong Kong	Singapore	Mainland China
Area	1,092 sq km	692.7 sq km	9,596,960 sq km
Population (July 2005 est.)	6,898,686	4,425,720	1,306,313,812
GDP per capita (PPP) (2005 est.)	\$36,800	\$29,700	\$6,200
Government type	Limited democracy	Parliamentary republic	Communist State
Administrative divisions	None (special administrative region of China)	None	23 provinces, 5 autonomous regions and 4 municipalities
Political parties	Six major parties into two political blocs: pro-democracy and pro-Beijing	One-party dominant system Governing party: People's Action Party or PAP; Eight opposition parties	Chinese Communist Party or CCP; Eight registered small parties under the leadership of CCP
Anti- Corruption Agency	ICAC (Independent Commission Against Corruption, 1974.2)	CPIB (Corrupt Practices Investigation Bureau, 1952.10)	Supreme People's Procuratorate; Central Disciplinary Inspection Committee
Legal bases	ICAC Ordinance of 1974; Prevention of Bribery Ordinance	Prevention of Corruption Act (Chapter 241)	Criminal Law of 1979; Party Disciplines
Economic Freedom 2006*	1.28 (Free)	1.56 (Free)	3.34 (Partly Free)
Political Freedom 2005**	Partly Free	Partly Free	Not Free
Political Rights	5	5	7
Civil Liberty	2	4	6

Sources: Data for Economic Freedom are from Heritage Foundation 2006 Economic Freedom Index, available at www.heritage.org. Data for Political Freedom are from Freedom House 2005 "Freedom in the World", available at www.freedomhouse.org. The other data are from CIA World Fact Book, available at <http://www.cia.gov/cia/publications/factbook/>

Notes: *The 2006 Index of Economic Freedom measures 157 countries against a list of 50 independent variables divided into 10 broad factors of economic freedom. Low scores are more desirable. The higher the score on a factor, the greater the level of government interference in the economy and the less economic freedom a country enjoys. **The political rights and civil liberties categories contain numerical ratings between 1 and 7 for each country or territory, with 1 representing the most free and 7 the least free.

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