Combating Corruption in Singapore: What Can Be Learned?

Jon S.T. Quah*

Singapore is the least corrupt country in Asia according to the annual surveys recently conducted by the Political and Economic Risk Consultancy and Transparency International. This article deals with the major causes of corruption in Singapore during the colonial period, it describes the features of Singapore’s anti-corruption strategy, and identifies six lessons to be learned from Singapore’s experience in fighting corruption.

Introduction

The United Nations Development Programme (UNDP) defines corruption as ‘the misuse of public power, office or authority for private benefit – through bribery, extortion, influence peddling, nepotism, fraud, speed money or embezzlement’ (UNDP, 1999: 7). This definition is useful because it includes not only bureaucratic and political corruption but also private sector corruption as ‘the private sector is involved in most cases of government corruption, which includes the misuse of money or favours for personal gain, abuse of official authority or influence in exchange for money or favours and violation of the public interest to acquire special personal advantages’ (UNDP, 1999: 7).

Corruption is a serious problem in many Asian countries but Singapore is the least corrupt country in Asia according to the annual surveys conducted by the Hong Kong-based Political and Economic Risk Consultancy Ltd (PERC) and the Berlin-based Transparency International (TI) in recent years. In 1996, PERC ranked Singapore as the third least corrupt country in the world, after Switzerland and Australia, and the least corrupt of the 12 Asian countries in the study. According to PERC:

All countries have laws aimed at fighting corruption, but very few governments apply such laws as strictly and consistently as Singapore. Corrupt officials, particularly high-ranking ones, are dealt with in Singapore with a severity rarely seen elsewhere (Straits Times, 1996: 3).

During 1996, Singapore’s seventh ranking on TI’s Corruption Perception Index (CPI) made it the least corrupt of the 13 Asian countries in the 54-nation study, with Pakistan (ranked 48th) retaining its position as the most corrupt Asian country (Transparency International, 1998: 195). In the 1998 and 1999 CPI, Singapore’s seventh ranking confirms its status as the least corrupt of the Asian countries, while Indonesia (ranked 80th and joint 90th) has replaced Pakistan (ranked joint 71st and joint 87th) as the most corrupt country in Asia (Transparency International, 1999a: 13; 1999b: 2). Table 1 below shows the average ranking of 12 Asian countries on the CPI from 1996–1999.

However, the situation was quite different in Singapore during the British colonial period, when corruption was a way of life as it was perceived by the public as a low risk, high reward activity since corrupt officials were seldom caught, and even if they were caught, they were not severely punished.

Table 1: Average Ranking of 12 Asian Countries on Transparency International’s Corruption Perception Index, 1996–1999

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>RANKING</th>
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<tr>
<td>Singapore</td>
<td>1</td>
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<tr>
<td>Hong Kong</td>
<td>2</td>
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<tr>
<td>Japan</td>
<td>3</td>
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<tr>
<td>Malaysia</td>
<td>4</td>
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<tr>
<td>Taiwan</td>
<td>5</td>
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<td>South Korea</td>
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<td>Philippines</td>
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<tr>
<td>Thailand</td>
<td>8</td>
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<tr>
<td>China</td>
<td>9</td>
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<tr>
<td>India</td>
<td>10</td>
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<tr>
<td>Indonesia</td>
<td>11</td>
</tr>
<tr>
<td>Pakistan</td>
<td>12</td>
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Singapore’s battle against corruption began in 1871, when it was made illegal with the enactment of the Penal Code of the Straits Settlements. As will be discussed later, corruption remained a serious problem throughout the colonial period as the British failed to curb it. The breakthrough came in 1960, when the People’s Action Party (PAP) government enacted the Prevention of Corruption Act (POCA), which gave the Corrupt Practices Investigation Bureau (CPIB) more powers to fight corruption.

How did the PAP government minimise corruption in Singapore after assuming power in June 1959? Why is corruption no longer a way of life but a fact of life in contemporary Singapore? What can be learned from Singapore’s experience in curbing corruption? To answer these questions, it is necessary to discuss the causes of corruption in Singapore during the colonial period, the major features of Singapore’s anti-corruption strategy, and the lessons to be learned.

### Causes of Corruption in Colonial Singapore

In 1879, a Commission of Inquiry was appointed to find out why the Singapore Police Force (SPF) was inefficient. This Commission found, inter alia, that corruption existed among both the European inspectors and the Malay and Indian policemen. Similarly, the 1886 Commission 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 (109 cases or 63.4%) followed by 42 cases (24.4%) of involvement in such direct criminal activities as theft and robbery (Quah, 1979: 18–27).

Corruption was also widespread during the Japanese occupation (1942–1945) as the rampant inflation made it difficult for civil servants to live on their fixed salaries. The situation deteriorated during the post-war period as ‘corruption had also become a way of life for many people’ to enable them to cope with their low salaries and rising inflation (Yoong, 1973: 55–56). Indeed, the British Military Administration, 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, 1978: 14).

What are the causes of corruption in colonial Singapore? In his comparative study of the control of bureaucratic corruption in Hong Kong, India and Indonesia, Leslie Palmier has identified three factors as important causes of corruption: opportunities (which depend on the extent of involvement of civil servants in the administration or control of lucrative activities), salaries and policing (i.e., the probability of detection and punishment). More specifically, Palmier (1985: 271–272) contends that bureaucratic corruption seems to depend not on any one of the [three] factors identified, but rather on the balance between them. At one extreme, with few opportunities, good salaries and effective policing, corruption will be minimal; at the other, with many opportunities, poor salaries and weak policing, it will be considerable.

#### Low Salaries

Palmier (1985: 2, 6) has identified low salaries as an important factor contributing to corruption: ‘If the official is not to be tempted into corruption and disaffection, clearly there is an obligation on the government to provide or at least allow such benefits that will ensure his loyalty; one might call it an implicit contract’. He concluded that ‘adequate pay’ was ‘an essential ingredient in reform.’ In the same vein, Paulo Mauro (1997: 5) of the International Monetary Fund has contended that ‘when civil service pay is too low, civil servants may be obliged to use their positions to collect bribes as a way of making ends meet, particularly when the expected cost of being caught is low’.

The most important factor responsible for police corruption in colonial Singapore was the low salaries of the policemen, especially those in the lower ranks. Table 2 shows the range of salaries for both the European and local members of the SPF in 1887. This table clearly demonstrates the lower salaries of the native contingent, as the monthly salaries of the ranks of sergeant and constable for the European contingent were more than three times those of their local counterparts. Given the poor salaries of the policemen, it was not surprising that the Straits Times made this comment: ‘It is at once evident that the native constables and the European police of the Inspector class are so underpaid that scandals are unavoidable’ (quoted in Quah, 1979: 29).

In short, ‘if bureaucrats are paid a high enough wage, even a small chance of losing their jobs would discourage them from being corrupt’. On the other hand, if the real salary of civil servants decreases drastically, ‘even the most rigidly honest bureaucrats will be tempted to go beyond the law to preserve their standard of living’ (Banerjee, 1996: 110).
Ample Opportunities for Corruption

Gould and Amaro-Reyes (1983: 17) have argued that ‘the expanding role of government in development has placed the bureaucracy in a monopolistic position and has enhanced the opportunities for administrative discretion. Indeed, excessive regulations together with this increased bureaucratic discretion provide opportunities and incentives for corruption in that regulations governing access to goods and services can be exploited by civil servants in extracting ‘rents’ from groups vying for access to such goods and services’.

In addition to low salaries, a second reason for police corruption in Singapore during the colonial period was the inadequate control over policemen in those areas most vulnerable to temptation. Indeed, the many cases of police involvement in illegal gambling were symptomatic of the lack of control over those inspectors and constables who took bribes from the gambling house owners. In April 1846, a European Constable, Charles Cashin, was convicted of receiving bribes from illicit gambling dens and sentenced to 18 months imprisonment. Cashin reported that for the past three years all the constables in the SPF had received S$20 each monthly, and that the constable who had brought the charge against him had also received bribes himself. The Deputy Superintendent of Police, Thomas Dunman, admitted in court that the police were in the regular pay of gambling promoters and that it was difficult to rectify the situation (Buckley, 1965: 446–447). In June 1849, the Straits Times observed that the police did not take action to suppress gambling activities conducted within 50 yards of a police station in town because the policemen were paid for their silence (Quah, 1979: 23). Finally, it is surprising that even though the 1886 Commission of Inquiry confirmed the existence of widespread police corruption in gambling activities, nothing was done to prevent the policemen from getting involved in illegal gambling activities.

Another reason why members of the SPF had many opportunities for corruption during the colonial period was because many local policemen had other jobs too, even though this was not allowed. Indeed, as many of them owned buffalo carts and food stalls they were unable to perform their official duties impartially and were exposed to more opportunities for misbehaviour (Quah, 1979: 29–31).

Apart from the police, other government agencies including the customs, immigration and internal revenue departments, provided more opportunities for corruption than those public agencies that had limited contact with members of the public, did not issue licences or permits, and collected fees or taxes. Certainly, corruption in colonial Singapore was not confined to the SPF, but spread throughout the entire public bureaucracy. Indeed, conditions deteriorated during the post-war period as their low salaries and inflation increased the civil servants’ need to be corrupt while poor supervision by their superior officers provided them with many opportunities for corrupt behaviour with minimal risk of being caught (Quah, 1982: 161–162).

Table 2: Monthly Salary in the Singapore Police Force by Rank, 1887

<table>
<thead>
<tr>
<th>RANK IN SPF</th>
<th>MONTHLY SALARY</th>
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<tr>
<td><strong>European Contingent</strong></td>
<td></td>
</tr>
<tr>
<td>Inspector 1&lt;sup&gt;st&lt;/sup&gt; Class</td>
<td>S$100 (no rations)</td>
</tr>
<tr>
<td>Inspector 2&lt;sup&gt;nd&lt;/sup&gt; Class</td>
<td>S$80 (S$5 rations)</td>
</tr>
<tr>
<td>Inspector 3&lt;sup&gt;rd&lt;/sup&gt; Class</td>
<td>S$60 (S$10 rations)</td>
</tr>
<tr>
<td>Sergeant</td>
<td>S$50 (S$10 rations)</td>
</tr>
<tr>
<td>Constable</td>
<td>S$40 (S$10 rations)</td>
</tr>
<tr>
<td><strong>Native Contingent</strong></td>
<td></td>
</tr>
<tr>
<td>Sergeant</td>
<td>S$15</td>
</tr>
<tr>
<td>Corporal</td>
<td>S$12</td>
</tr>
<tr>
<td>Constable 1&lt;sup&gt;st&lt;/sup&gt; Class</td>
<td>S$10</td>
</tr>
<tr>
<td>Constable 2&lt;sup&gt;nd&lt;/sup&gt; Class</td>
<td>S$9</td>
</tr>
<tr>
<td>Constable 3&lt;sup&gt;rd&lt;/sup&gt; Class</td>
<td>S$8</td>
</tr>
<tr>
<td>Peon 1&lt;sup&gt;st&lt;/sup&gt; Class</td>
<td>S$5</td>
</tr>
<tr>
<td>Peon 2&lt;sup&gt;nd&lt;/sup&gt; Class</td>
<td>S$4</td>
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Source: Straits Times, 4 October 1887 quoted in Quah, (1979: 28).

Low Risk of Detection and Punishment

As corruption is an illegal activity in all countries, those individuals found guilty of corrupt offences should be punished accordingly. However, in reality, the probability of detection and punishment of corrupt offences varies in different Asian countries. Corruption thrived in Singapore during the colonial period as it was perceived by the public to be a low risk, high reward activity as corrupt offenders were unlikely to be detected and punished.

What accounts for the low risk of detecting and punishing corrupt offences in colonial Singapore? The British colonial government’s efforts to curb corruption failed because the Prevention of Corruption Ordinance (POCO) and the Anti-Corruption Branch (ACB) were ineffective. Although corruption was made illegal in 1871 in Singapore, nothing was done for 66 years until December 1937, when the first anti-corruption law was introduced with the enactment of the POCO. The POCO’s rationale was ‘the prevention of bribery and secret commissions in public and private business’. The POCO was a short document...
As corruption was rife during the colonial period, Singapore's Anti-Corruption Strategy

not seizable, given the short prison term of two years, this limited the powers of arrest, search and investigation of the police as warrants were required 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 and automatically giving police officers 'much wider powers of arrest, search and investigation' (Colony of Singapore, 1947: 4).

The ACB of the Criminal Investigation Department (CID), which was responsible for combating corruption in colonial Singapore, was ineffective for three reasons. First, the ACB was a small police unit consisting of 17 men who were given a difficult task to perform, i.e., the eradication of corruption in the SPF and other government departments. Second, the ACB had to compete with the other sections of the CID for limited manpower and other resources. Indeed, the Assistant Commissioner of the CID was responsible for 16 duties, including checking corrupt behaviour, secret societies, gambling promoters, fraud (commercial crime), anti-vice (traffickers), pawnshops, second-hand dealers, narcotics (traffickers), criminal records, banishment, naturalisation, missing persons, finger-prints, photography, police gazette, and house-to-house and street collections (Colony of Singapore, 1952: 31).

The third and most important reason for the ACB's ineffectiveness was the prevalence of police corruption in colonial Singapore. In October 1951, S$400,000 worth of opium was stolen by robbers. 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. Not all the senior police officers were prosecuted; some of them were not convicted because of insufficient evidence. This opium hijacking 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. Thus, the ACB's failure to curb corruption in colonial Singapore led to its demise and the formation of the CPIB in October 1952.

Reducing the Opportunities for Corruption

In 1960, Singapore was a poor country as its gross national product (GNP) per capita was S$1,330 or US$443 (Republic of Singapore, 1986: ix). As the PAP government could not afford to raise the salaries of the civil servants, it focused on strengthening the existing legislation to reduce the opportunities for corruption and to increase the penalty for corrupt behaviour.

The POCA, which was enacted on 17 June 1960, had five important features to eliminate the POCO's deficiencies and to empower the CPIB in performing its duties. First, the POCA's scope was increased as it had 32 sections in contrast to the POCO's 12 sections. The number of sections in the POCA was later increased to 37. Second, corruption was explicitly defined in terms of the various forms of 'gratification' in section 2, which also identified for the first time the CPIB and its Director. Third, to enhance the POCA's deterrent effect, the penalty for corruption was increased to imprisonment for five years and/or a fine of S$10,000 (section 5). The fine was increased to S$100,000 in 1989. Fourth, a person found guilty of accepting an illegal gratification had to pay the amount he had taken as a bribe in addition to any other punishment imposed by a court (section 13). The fifth and most significant feature of the POCA was that it gave the CPIB more powers and a new lease of life. For example, section 15 provided CPIB officers with powers of arrest and search of arrested persons. Section 17 empowered the Public Prosecutor to authorise the CPIB's Director and his senior staff to investigate 'any bank account, share account or
purchase account' of any one suspected of having committed an offence against the POCA. Section 18 enabled the CPIB officers to inspect a civil servant’s banker’s book and those of his wife, child or agent, if necessary. To ensure the POCA’s effectiveness, the PAP government has amended it whenever necessary or to introduce new legislation to deal with unanticipated problems. In 1963, the POCA was amended to empower CPIB officers to require the attendance of witnesses and to question them. The aim of this amendment was to enable CPIB officers to obtain the cooperation of witnesses to help them in their investigations. Two important amendments were introduced in 1960 to further strengthen the POCA. The first amendment (section 28) stated that a person could be found guilty of corruption even though he did not actually receive the bribe, as the intention on his part to commit the offence constituted sufficient grounds for his conviction. The second amendment (section 35) was directed at those Singaporeans working for their government in embassies and other government agencies abroad as Singapore citizens would be prosecuted for corrupt offences committed outside Singapore and would be dealt with as if such offences had occurred in Singapore (Quah, 1978: 13).

In 1981, the POCA was amended for the third time to increase its deterrent effect by requiring those convicted of corruption to repay all the money received besides facing the usual court sentence. Those who were unable to make full restitution would be given heavier court sentences (Staats Times, 1981). On December 14, 1986, the then Minister for National Development, Teh Cheang Wan, committed suicide 12 days after he was interrogated for 16 hours by two senior CPIB officers regarding two allegations of corruption against him by a building contractor. Teh was accused of accepting two bribes amounting to S$1 million in 1981 and 1982 from two developers to enable one of them to retain his land which had been acquired by the government, and to assist the other developer in purchasing State land for private development (Republic of Singapore, 1987: 1 and 36). An important consequence of the Commission of Inquiry that followed was the enactment on 3 March 1989 of the Corruption (Confiscation of Benefits) Act 1989, which was concerned with the confiscation of benefits derived from corruption. If a defendant is deceased, the court would issue a confiscation order against his estate.

The CPIB is the anti-corruption agency responsible for enforcing the POCA’s provisions. It has grown by nine times from eight officers in 1960 to its present establishment of 71 officers, comprising 49 investigators and 22 clerical and support staff. The CPIB performs three functions: (1) to receive and investigate complaints concerning corruption in the public and private sectors; (2) to investigate malpractice and misconduct by public officers; and (3) to examine the practices and procedures in the public service to minimise opportunities for corrupt practices (CPIB, 1990: 2). Thus, unlike Hong Kong’s Independent Commission Against Corruption (ICAC), the CPIB is much smaller in size and does not need a large staff even though it has a heavy workload, as its location within the Prime Minister’s Office and its legal powers enable the CPIB to obtain the required cooperation from both public and private organisations.

Reducing Incentives for Corruption

The PAP government was only able to implement the second part of its comprehensive anti-corruption strategy – the reduction of incentives for corruption by means of improving salaries and working conditions in the SCS – in the 1980s long after it had achieved economic growth. The improvement in wages began in March 1972, when all civil servants were given a 13-month non-pensionable allowance comparable to the bonus in the private sector (Quah, 1984: 296). The rationale for this allowance was not to curb corruption but to enhance working conditions in the Singapore Civil Service vis-à-vis the private sector.

In March 1985, the then Prime Minister Lee Kuan Yew justified his government’s approach to combating corruption by reducing or removing the incentives for corruption through the improvement of the salaries of political leaders and senior civil servants when he explained why the wages of the cabinet ministers had to be raised. He contended that political leaders should be paid the top salaries that they deserved in order to ensure a clean and honest government. If they were underpaid, they would succumb to temptation and indulge in corruption. Lee contended that Singapore needed a corruption-free administration and an honest political leadership to preserve its most precious assets. He concluded that the best way of dealing with corruption was ‘moving with the market’, which is ‘an honest, open, defensible and workable system’ instead of hypocrisy, which results in duplicity and corruption (Staats Times, 1985: 14–16).

In addition to reducing the incentives for corruption, the PAP government had to improve the salaries and working conditions in the Singapore Civil Service to stem the brain drain of competent senior civil servants to the private sector by offering competitive salaries and fringe benefits to reduce the gap between the public and private sectors. Accordingly, the salaries of
civil servants in Singapore were increased in 1973, 1979, 1982, 1989 and 1994 to reduce the brain drain to the private sector and the gap between salaries in the two sectors.

In October 1994, a *White Paper on Competitive Salaries for Competent and Honest Government* was presented to Parliament to justify the pegging of the salaries of ministers and senior civil servants to the average salaries of the top four earners in six private sector professions: accounting, banking, engineering, law, local manufacturing companies and multinational corporations. The White Paper recommended the introduction of formal salary benchmarks for ministers and senior bureaucrats, additional salary grades for political appointments and annual salary reviews for the SCS. The adoption of the long-term formula suggested in the White Paper eliminated the justification of the salaries of ministers and senior bureaucrats ‘from scratch with each salary revision’ as well as ensure the building of ‘an efficient public service and a competent and honest political leadership, which have been vital for Singapore’s prosperity and success’ (Republic of Singapore, 1994: 7–14).

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. Table 3 shows the monthly salary for Superscale Officers in the Singapore Administrative Service. For example, the monthly salary for a permanent secretary in Staff Grade V is S$51,155 (or US$30,091), which is more than four times that of the top monthly salary of GS-18 (the highest salary scale for the United States Federal Service) of US$7,224 (S$12,280) (Wright and Dwyer, 1990: 6).

In short, Singapore’s comprehensive anti-corruption strategy since 1960 consists of (1) the combined use of the POCA and CPIB to reduce the opportunities for corruption; and (2) the periodic increase in salaries of the political leaders and senior civil servants to reduce the incentive for corruption.

### Lessons to be Learned From Singapore’s Experience

What can other countries concerned with minimising corruption learn from Singapore’s experience? Before identifying six lessons, two caveats must be noted. First, it might not be possible for other countries to emulate *in toto* Singapore’s comprehensive anti-corruption strategy because of the city-state’s unique historical, geographical, economic, demographic and political context. Second, it is also difficult to replicate and transplant Singapore’s experience.

#### Lesson 1:
The political leadership must be sincerely committed to the eradication of corruption. They must demonstrate exemplary conduct, adopt a modest life-style, and avoid indulging in corruption themselves. Anyone found guilty of corruption must be punished, regardless of his/her position or status in society. If the ‘big fish’ (rich and famous) are protected from being prosecuted for corruption, and only the ‘small fish’ (ordinary people) are caught or executed (as is the case in China and Vietnam), the anti-corruption strategy will lack credibility and is unlikely to succeed.

#### Lesson 2:
To combat corruption effectively, comprehensive anti-corruption measures must be employed as incremental measures will not suffice. An effective comprehensive anti-corruption strategy consists of comprehensive anti-corruption laws and a non-corrupt and autonomous anti-corruption agency. The anti-corruption legislation must be comprehensive to prevent loopholes and must be periodically reviewed to introduce relevant amendments whenever required.

#### Lesson 3:
The anti-corruption agency (ACA) must itself be incorruptible. To ensure this, it must be controlled or supervised by a political leader who is incorruptible. The ACA must be staffed by honest and competent personnel.
Overstaffing should be avoided and any staff member found guilty of corruption must be punished and dismissed from the civil service.

**Lesson 4:** The ACA must be removed from police jurisdiction as soon as possible as its location within the police prevents it from functioning effectively, especially when there is widespread police corruption.

**Lesson 5:** To reduce the opportunities for corruption in those government departments which are vulnerable to corrupt activities (namely, customs, immigration, internal revenue, and traffic police), such departments should review their procedures periodically in order to reduce the opportunities for corruption.

**Lesson 6:** The incentive for corruption among civil servants and political leaders can be reduced by ensuring that their salaries and fringe benefits are competitive with the private sector. However, governments might not be able to increase salaries unless there is economic growth and adequate financial resources. The long term consequences of low civil service salaries are unfavourable as talented civil servants will leave to join private companies for higher pay, while the less capable will remain and succumb to corruption to supplement their low salaries.

In short, Singapore’s success in minimising corruption can be attributed to its dual strategy of reducing both the opportunities and incentives for corruption. Indeed, Singapore’s experience in curbing corruption demonstrates that it is possible to minimise corruption if there is a strong political will. Needless to say, the situation becomes hopeless if such political will is lacking when political leaders and senior civil servants pay only lip service to implementing anti-corruption strategies in their countries.

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