

# PUBLIC ADMINISTRATION AND POLICY

An Asia-Pacific Journal  
Volume 25 Number 2 2022

Special Issue on Leadership and Culture in Combating Corruption



The Public Administration and Policy – An Asia-Pacific Journal (*PAP*) is an international, peer-reviewed, open access journal jointly sponsored by the Hong Kong Public Administration Association and SPEED, The Hong Kong Polytechnic University. *PAP* publishes 3 issues per annum. The Journal is devoted to the integration of theories and practice of public administration and management, with special emphasis on the Asia-Pacific region. *PAP* seeks to play a useful role in contributing to the improvement of public sector management by highlighting issues, problems and solutions through efficient and innovative management of public services. Academics, students, current and retired government officials, and practitioners in public administration and related fields are welcomed to contribute papers to this journal.

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**Public Administration and Policy** is indexed and abstracted in:

Scopus, Emerging Sources Citation Index (ESCI), ProQuest, EBSCO, Directory of Open Access Journals (DOAJ), CrossRef, Google Scholar, WorldCat, The British Library

ISSN 1727-2645

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# Public Administration and Policy

## Volume 25 Number 2 2022

### Special Issue on Leadership and Culture in Combating Corruption

*Guest Editors: Jon S.T. Quah and David Seth Jones*

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# Editorial

## Preface to the special issue

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The PAP journal was first published in 1992 and has been published online in open access on the Emerald Insight Platform since 2018. This year marks the 30<sup>th</sup> anniversary of its first launch and 5th anniversary of its online publication with Emerald. It now publishes three issues with at least one special issue and more than twenty articles per year.

PAP is currently indexed and abstracted by Scopus, Emerging Sources Citation Index (ESCI), CrossRef, Directory of Open Access Journals (DOAJ), EBSCO Discovery Service, Google Scholar, Health Research Premium Collection (ProQuest), Healthcare Administration Database (ProQuest), ProQuest Central, ProQuest Central Basic (Korea), ProQuest Central Essentials, ProQuest Central Student, Publicly Available Content Database (ProQuest), Summons (ProQuest) and WorldCat. Academics and practitioners in public administration, management, public policy, and related fields are welcome to contribute papers to this journal.

In this special issue on “Leadership and Culture in Combating Corruption”, we are delighted to have the world renowned academics and experts in anti-corruption, Professor Jon S. T. Quah and Dr. David Seth Jones as guest editors. With their expertise and networking, all articles are very well written by specialists in the field. We hope this special issue will make significant contributions to the understanding of leadership and culture in combating corruption for policy makers, scholars, and students in various countries around the world.

**Peter K.W. Fong**

*Editor-in-Chief, PAP Journal*

*President, Hong Kong Public Administration Association*

### About the Editor-in-Chief

Professor Peter K.W. Fong, PhD (New York University), is President of Hong Kong Public Administration Association and Editor-in-Chief of PAP Journal. He teaches strategic management and supervises DBA students' dissertations of University of Wales TSD. He holds Advisory/Visiting Professorships in Tongji, Tsinghua, Renmin, and Tianjin Universities, Chinese University of HK and HK Poly U. He is a fellow of HK Institute of Planners & Planning Institute Australia. He was a Teaching Fellow of Judge Business School, University of Cambridge; Director of EMBA programme, HKU Business School; Associate Professor, Department of Urban Planning, HKU; Executive Vice President of City University of Macao; Honorary Professor, China Training Centre for Senior Civil Servants in Beijing; Studies Director, Civil Service Training & Development Institute, HKSAR Government; Visiting Scholar, MIT; and Consultants, the World Bank and Delta Asia Bank. Peter K.W. Fong can be contacted at: [fongpeter@netvigator.com](mailto:fongpeter@netvigator.com)



In his seminal study on culture and corruption in the Pacific Islands, Peter Larmour (2012, pp. 116, 132) observed that while “ideas about ‘culture’ have often been used to explain, or excuse, acts of corruption”, such ideas “seem indispensable to understanding corruption”. However, unlike the role of leadership and political will, which has been emphasized in anti-corruption research (Rotberg, 2017, pp. 223-256), the impact of leadership in minimising the influence of cultural factors on corruption has been given less attention.

Accordingly, the purpose of this *Public Administration and Policy* special issue is to demonstrate that both leadership and culture are important variables influencing how corruption is exacerbated or minimised in many countries/regions. To analyse the interaction of leadership and culture in combating corruption, six countries/regions were selected for comparison and scholars who have published on corruption in these countries/regions were invited to contribute to this special issue, which consists of seven articles.

The first article by Michael Johnston focuses on the important role of the Independent Commission Against Corruption (ICAC) and civil society in curbing corruption in the Hong Kong Special Administrative Region of China. In the second article, Matthew Carlson compares how two prime ministers have combated corruption in Japan by focusing on Miki Takeo’s political reforms and how his corrupt predecessor, Tanaka Kakuei, exploited the system to further his political objectives.

David Seth Jones evaluates anti-corruption efforts in Malaysia in the third article and concludes that its political leaders, especially Prime Minister Najib Razak, failed to minimise corruption because of the ineffective implementation of the anti-corruption measures and the adverse consequences of money politics. The fourth article by Robert Gregory and Daniel Zirker contends that despite New Zealand being ranked highly in combating corruption, current analyses of its success in this regard are incomplete and biased because they have ignored the discrimination against the Maori population and the confiscation of land from them by the dominant European population. This constitutes a form of corruption in itself.

In the fifth article, Jon Quah explains how Prime Minister Lee Kuan Yew minimised corruption in Singapore by implementing: (1) the enactment of the Prevention of Corruption Act in June 1960; (2) provision of adequate resources to the Corrupt Practices Investigation Bureau (CPIB); (3) paying competitive salaries to ministers and civil servants to prevent corruption and retain talent; and (4) punishing corruption offenders. Ernie Ko compares how two Taiwanese presidents have curbed corruption in the sixth article. President Chen Shui-bian campaigned for the 2000 presidential election on an anti-corruption platform but was corrupt during his two terms of office. His successor, President Ma Jing-jeou, was incorrupt and established the Agency Against Corruption (AAC) in July 2011. However, unlike the CPIB and ICAC, the AAC is a paper tiger because it has not been allocated sufficient resources to perform its functions.

The seventh article by Jon Quah compares how the six countries/regions have curbed corruption and concludes that New Zealand, Singapore and Hong Kong SAR of China are



more effective because of their governments' strong political will and reliance on the Ombudsman, Serious Fraud Office, CPIB and ICAC. On the other hand, Malaysia's anti-corruption strategy is ineffective because its political leaders lack the political will to implement the effective anti-corruption measures. Japan's and Taiwan's anti-corruption measures have failed because of their political leaders' weak political will and their reliance on inadequate anti-corruption measures. It concludes that culture is a serious obstacle to combating corruption if the political leaders are corrupt and lack the political will to enforce impartially the regulations prohibiting gift-giving, vote-buying and money politics in Japan, Taiwan and Malaysia.

Finally, we would like to thank Professor Peter Fong, Editor-in-Chief, of *Public Administration and Policy*, for inviting us to be the Guest Editors for this special issue and for his tremendous support and encouragement. We owe a special debt to Dr Alice Te, the Managing Editor, for her professional and efficient assistance in editing the articles and facilitating the peer reviews of the seven articles. We are also grateful to the contributors to the special issue for their articles and cooperation in revising and submitting the manuscripts promptly. Last, but certainly not least, the 14 peer-reviewers deserve our utmost gratitude for enhancing the quality of the seven articles through their constructive comments and suggestions.

**Jon S.T. Quah**  
**David Seth Jones**  
*Guest Editors*

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# It takes a whole society: why Hong Kong's ICAC cannot succeed alone

Success of  
Hong Kong's  
ICAC

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## Abstract

**Purpose** – To show that establishing an anti-corruption agency (ACA), by itself, is not likely to be a successful anti-corruption strategy. Instead, a solid base of social trust, participation, and support is just as essential as creating an ACA with significant powers and resources.

**Design/methodology/approach** – This is a historical review of the origins and development of the Independent Commission Against Corruption (ICAC) of Hong Kong, and an assessment of its three-pronged approach strategy at both strategic and tactical levels.

**Findings** – An ACA requires broad and deep social support and participation if it is to succeed. That the ICAC remains nearly unique in developing such a base of support provides important lessons for those countries with ineffective ACAs.

**Originality/value** – A reassessment of the ICAC after a half-century shows that the Hong Kong case, despite its familiarity, has much to teach us if we understand it in its broadest implications.

**Keywords** Hong Kong, ICAC, Corruption, Chinese traditions, Civil society, *Guanxi*

**Paper type** Research paper

Received 10 March 2022  
Revised 3 May 2022  
Accepted 8 June 2022

## Hong Kong's ICAC: a rare success

Sooner or later, any society confronting serious corruption problems is likely to consider establishing a dedicated anti-corruption agency (ACA). Such organizations have proliferated in recent years as concern over corruption has intensified, and as prominent scandals have made headlines in societies around the globe. There is no single authoritative listing of the world's ACAs, in part because they come in a variety of institutional and legal forms and have differing sorts of relationships with other investigative and prosecutorial bodies. Moreover, while many countries – particularly smaller and unitary states – have a single national ACA, others have several with responsibilities in provinces, states, other subdivisions, or sectors of government. Still, the International Association of Anti-Corruption Authorities (IAACA) counts over 140 national and regional affiliates (IAACA, 2022), and other listings point to at least a hundred ACAs around the world (Transparency International, 2022c).

Calls to establish ACAs almost invariably invoke the examples of Hong Kong's Independent Commission Against Corruption (ICAC) and Singapore's Corrupt Practices Investigation Bureau (CPIB), citing their successes and broad social benefits. And indeed their records and systemic impact have been formidable: while both societies once had reputations for extensive and entrenched corruption, both have seen major and sustained improvements in the ways they are perceived internationally and domestically. Those improved global reputations quickly began to pay economic dividends as well: while we can hardly attribute their spectacular growth solely to corruption controls, there is little doubt that both have benefited from being seen as safe places for investment and enterprise, and that standards of living and the business climate have improved dramatically over the years. ACA advocates elsewhere often portray such agencies as the cornerstones of any corruption

**HKPAA**



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Public Administration and Policy  
Vol. 25 No. 2, 2022  
pp. 109-123  
Emerald Publishing Limited  
1727-2645  
DOI 10.1108/PAP-05-2022-0042

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control strategy, particularly in emerging societies and argue that the Hong Kong and Singapore experiences can be replicated elsewhere.

Just how realistic such scenarios might be, however, is open to serious question. Hong Kong and Singapore are not typical of many places other than themselves; indeed, neither they nor their reform strategies are identical. Gathering a nation's anti-corruption resources, powers, and officials within a single organization has a natural attraction for anyone who conceives of corruption control primarily as a law-enforcement proposition; but that approach has its vulnerabilities, and a variety of other social, economic, historical, regional, and cultural influences must be addressed as well. Perhaps for those reasons ACAs in other societies collectively have an indifferent record at best. While there are success stories to be told, as in the cases of Botswana (Jones, 2017), Georgia (Kaputadze, 2017), or the Australian state of New South Wales (Cowdery, 2017), others have been outright failures or have become targets for investigation in their own right. Still, while there is no inherent magic in the ACA model, successful examples are worth careful examination, if only because the worldwide anti-corruption industry has struggled to make progress in so many cases.

This article focuses upon Hong Kong – perhaps the best-known of the world's ACAs (for a detailed discussion of Singapore's case, see the article by Jon Quah in this special issue). Whether it is the more successful of the two is open to debate, but it does present a wider range of strategies and tactics, particularly as they relate to social values, types of leadership, and civil society. Indeed, those connections will be among my central concerns, for I will argue that free-standing ACAs, taken on their own, are unlikely to succeed. They must be integral parts of much more comprehensive anti-corruption efforts and receive sustained support both from leadership and within civil society. Singapore's CPIB has capitalized upon the city-state's strongly centralized, quasi-authoritarian structure of government power, complementing a potent mix of investigation and punishment with positive incentives in the form of dramatic improvements in government-sector salaries, to deliver clean and effective government. In Hong Kong, by contrast, corruption control has required not only those sorts of institutional assets but also the backing of the whole society. The ICAC has cultivated, and still relies upon, strong social legitimacy and trust, active social support, and a careful regard for traditional and cultural values. Such trust can be difficult to establish and, once in place, cannot be taken for granted. As I will discuss in a later section, citizen reports of corruption can be a useful proxy measure for trust in the agency and, with some fluctuations, have remained frequent over the years, both before and after the return to China in July 1997. But more recent events and the COVID-19 pandemic are likely to put such trust under considerable strain. Those effects are matters of conjecture at this point, but the basic contention of this article remains that establishing an ICAC by itself without extensive attention to its social foundations and broader base of support will usually accomplish little.

### **A new remedy for an old problem**

Corruption had long been a fact of life in Hong Kong when yet another scandal surfaced in the early 1970s (this discussion draws upon Quah, 2021; Scott and Gong, 2019; Manion, 2004). Peter Godber, a Chief Superintendent of the Royal Hong Kong Police Force (RHKPF) and Deputy District Commander in Kowloon, had begun to attract attention to his considerable wealth, apparently amassed via bribery schemes over the years. When in 1973 police anti-corruption authorities gave him one week in which to account for that wealth he resigned his post, arranged for his wife to leave Hong Kong, and the next day – 8 June 1973 – used his police credentials to avoid passport control at Kai Tak Airport, and fled to England.

Public reactions were rapid and angry, leading to mass demands for major change. Godber's corruption, along with outrage over possible official connivance in his escape, led students and growing numbers of supporters to mount major public demonstrations.

The case also dispelled a self-serving myth that expatriate officials were somehow not vulnerable to the colony's corrupting processes and temptations. As in other British jurisdictions, the RHKPF had the primary responsibility for corruption control and were thus, in effect, empowered to investigate and police themselves. Predictably, police corruption was rife and ordinary citizens were exposed to a range of demands and abuses. Hong Kong, at the time a British Crown Colony, was (and remains) in no sense a mass democracy, but officials there likely recalled how in 1966-1967 disruptions related to the rise of the Red Guards in the People's Republic of China had spilled over into riots and bombings in the city. For a variety of reasons, action was in order.

Shortly after Godber's escape, Sir Alastair Blair-Kerr, a Senior Judge, was named head of a Commission of Inquiry that produced two reports. One detailed the escape itself, but the second, more general analysis, concluded that anti-corruption powers had to be taken out of the hands of the police. In October 1973, Sir Murray MacLehose, then Governor of the Colony, addressed the Legislative Council and called for the establishment of an independent anti-corruption organization. There is some controversy over the actual extent of MacLehose's commitment to checking corruption (Yep, 2013): some regarded him as an ambitious reformer, while others saw him as more ambivalent, with the real push for reform coming from London. In any event, on 15 February 1974, the ICAC came into being, charged with what became the "three prongs" of its strategy: law enforcement, prevention, and public education. The ICAC's remit was ambitious and newsworthy, but in order to have any real credibility, it first had to bring Godber to justice. That it did, extraditing him to Hong Kong early in 1975, trying him on charges of conspiracy and acceptance of bribes, and sending him to jail for four years.

The ICAC was not the world's first independent dedicated anti-corruption body – Singapore's CPIB debuted in 1952 – but it embodied a number of innovations. In addition to taking corruption control out of the hands of police, following Singapore's example in 1952, the ICAC's goals of prevention (as opposed to just investigating offences *post hoc*) and public education combined to form an unprecedentedly broad mandate. In addition, the ICAC's jurisdiction was not limited to public organizations and officials: the Colony's globally important banks, and other businesses large and small, lay within the ICAC's remit as well. Further, the prevention aspect of the ICAC strategy meant that it would become an important source of legal and technical assistance, a goal that would require the accumulation of considerable data and research capacity.

### **The ICAC: recent developments**

Since the colony's return to the People's Republic of China in July 1997, the ICAC has been responsible for corruption control in the Hong Kong Special Administrative Region (HKSAR). It is headed by a Commissioner who reports to the HKSAR Chief Executive (at the outset, Tung Chee-hwa, and since 2022, John Lee) who is elected by an Election Committee of 1500 members and appointed by the State Council of the Central Government in Beijing. The ICAC retains its original three-pronged strategy, delegated to its Operations Department (investigation), Corruption Prevention Department, and Community Relations Department respectively. The ICAC is charged with enforcing the Prevention of Bribery Ordinance, 1971 (POBO) as amended (Fang, 2022), Hong Kong's main anti-corruption law. It possesses law enforcement powers (e.g. arrest, search and seizure, and detention) vested in it by the ICAC Ordinance, and also enforces the Elections (Corrupt and Illegal Conduct) Ordinance (ICAC, 2017).

A full analysis of how the July 1997 handover affected the ICAC and Hong Kong's overall corruption situation lies well beyond the scope of this discussion, and in fact that question deserves considerably more research attention than it has received in the literature. The same

is certainly true of trends and events since the “Umbrella Movement” that began in 2014 (BBC, 2019), and the anti-extradition, other protests and official crackdowns that have taken place since 2019. Suffice it to say that neither the sort of politicized takeover by Beijing that some feared, nor the massive wave of PRC-driven corruption others expected to flood into the HKSAR (Poole, 1997), immediately materialized. Kumar (2004) offered a generally positive appraisal of the ICAC’s emergence and performance as of 2004 but urged a revision of strategies to uphold good government as a basic human right. But Wong (2003) observed that “mainlandization” was introducing new tensions between formal institutions and the Chinese-style political system that had begun to emerge. More recent analyses point to a gradual but steady deterioration in enforcement and prevention, a parallel decline in the quality of ICAC management and internal coordination, and the growth of high-level collusion in the economy (Smart, 2018) along with favouritism and conflicts of interest (Li and Lo, 2018). Tso (2018), for example, recounts several high-level scandals occurring between 2013 and 2018, including the dismissal in 2016 of a senior ICAC investigator, Rebecca Li, for her alleged “underperformance”. Li’s controversial dismissal led to the resignation of another principal investigator, Dale Ko, and, according to the *South China Morning Post*, the ICAC had to postpone its annual staff dinner because many of its officers boycotted it in protest (Iyengar, 2016). Hong Kong’s scores on the Transparency International Corruption Perceptions Index (CPI), to the extent that they tell us anything about corruption trends there, have held broadly steady for a generation (Transparency International, 2022a).

Other developments may have shifted the ICAC’s tactics and priorities. Scott, for example, has observed that the ICAC’s traditional emphasis on rules-based corruption controls has been supplemented by values such as personal integrity. On its face that would seem a logical and welcome development, but Scott (2013) worries that may create new tensions among formal rules, informal standards, and traditional values that could complicate both the ICAC’s work and government officials’ day-to-day decisions.

### Assessing the ICAC’s record

Despite all of these complexities, Hong Kong, along with Singapore, embodies the most successful corruption-control models in Asia (Quah, 2021). A powerful, well-organized, and fully-resourced ACA is a primary reason for that success and offers important lessons for other societies. The same is true of ensuring top-level political support, not relying on the police for corruption control, and analyzing and attacking the root causes of corruption problems rather than just punishing the immediate miscreants. Still, the ICAC could not likely have attained such success on its own, as the author will suggest below. The ICAC’s public education and civil society strategies, implemented and sustained over nearly a half-century, have complemented the investigation and prevention functions and have become equally important. First, however, to appreciate the scope of those successes a brief survey of trends in corruption indicators is in order.

#### *Corruption and governance indices*

Assessing the ICAC’s impact on Hong Kong’s perceived extent of corruption is a complex challenge. For reasons ranging from the lack of an agreed definition to the fact that most corrupt dealings are clandestine, we have no valid, reliable and precise measures of corruption itself. Most of the metrics we have rest on *perceptions* – how much corruption do various respondents think a society experiences – which are indirect evidence at best. Moreover, because those measures usually rank whole countries on a single dimension, they tell us nothing about variations within countries or qualitative contrasts among them (Johnston, 2005; Johnston, 2014). That latter point is particularly problematical: few would

say that corruption in Denmark is exactly the same thing as corruption in the Philippines, varying only by amount. Moreover, a poor index score may suggest that corruption is a serious problem in a given society but tells us nothing about its causes or what must be done to control it. Issues involving the underlying data and their processing also mean that comparing scores over time must be done with considerable caution. In any event we have no indices that apply to Hong Kong's corruption situation prior to the ICAC's inception.

Still, perceptions of corruption – particularly in a city-state like Hong Kong with extensive economic and cultural ties to the outside world – are far from trivial. Accurate or not, they affect aid, trade, investment, and lending decisions and can have geopolitical implications too. Some perception surveys tap the views of people who have good reasons to keep informed about corruption, governance, and other issues. Moreover, one important consequence of the ICAC's work, with its emphases on public education and prevention, has been to shape perceptions and expectations regarding integrity in a society. And indeed, a look at the two leading perception-driven measures suggests – with all of the above *caveats* firmly in mind – that Hong Kong has long been widely regarded as exercising effective corruption control. At the same time, the complexities of those assessments, and recent events, justify watchful concern about where the HKSAR goes from here.

#### *Transparency International's Corruption Perceptions Index*

The venerable CPI has been published since 1995 and, over the years, has become the best-known and most widely used corruption-related metric. From the beginning it has been controversial on methodological grounds; despite a number of refinements (notably in 2012), it continues to draw criticism today (van Hulten, 2012). At the same time, it has helped keep corruption high on the international policy agenda – no small accomplishment when we consider the scant levels of interest the issue drew as recently as the late 1980s (Johnston and Fritzen, 2021, p. 3). Moreover, the CPI directs worldwide attention to regimes and practices whose key figures had rather we looked elsewhere. Its annual release of results by Transparency International (TI) touches off useful – if often overheated – debates in societies whose anti-corruption performance seems to be stalled or deteriorating.

The CPI began as a poll of polls averaging out available survey evidence regarding various countries' corruption. Later on it became an expert survey, and more recently, it has been a survey of experts and businesspeople (Transparency International, 2022a). Scores, currently reported for 180 countries, now range from zero (“highly corrupt”) to 100 (“very clean”). TI warns – rightly – against concluding that the lowest-scoring society is “the most corrupt country in the world”, as several dozen others are not covered at all by the data. (When journalists and others routinely ignore that advice that is but one example of how TI should not be held responsible for the misuse of its results.) TI says that since 2012 results have been comparable from one year to the next, a claim not universally accepted by researchers; if nothing else, some of the underlying surveys ask respondents to judge corruption over the previous two years' time (Transparency International, 2022a). Another common criticism is that corrupt dealings shaping perceptions of one country – particularly those in the Global South – may well originate in affluent societies elsewhere without affecting their perception scores (see Galtung, 2006 for a comprehensive critique of the CPI).

The CPI results should therefore be viewed with skepticism, much as we would all rely on indirect and proxy measures. Still, it is notable that Hong Kong has consistently received strongly favourable CPI scores over time. On the old zero-to-ten scale, its 1997-2008 average was a strong 7.96, compared to 9.21 for Singapore, 7.3 for Japan, 5.62 for Taiwan, 3.36 for China and 2.3 for the Philippines (Sun and Johnston, 2010). Since 2012, on the zero-to-100 scale, Hong Kong has continued to score well, and its rankings among other countries in the region have generally held steady, as shown in Table 1.

*World Bank’s Control of Corruption Indicator*

A somewhat better perspective can be derived from the World Bank’s World Governance Indicators (WGI), published annually and available online (World Bank, 2022). The WGI series, compiled on a biennial basis between 1996 and 2002 and annually thereafter, includes indices for six components of governance, one of which is termed Control of Corruption. Like the CPI, the WGI are based on perceptions, and to an extent draw upon the same underlying data. But its base of evidence is considerably wider, including some proprietary governance indices and other indicators along with the mass and expert surveys, and it includes 214 societies (but excludes the Netherlands Antilles, Cook Islands, Monaco and Niue). In addition, the data are processed and presented in more sophisticated fashion: each dimension of the WGI, including Control of Corruption, is a normally distributed variable with a mean of zero, a standard deviation of 1.0, and a maximum and minimum of +2.50 and -2.50 respectively. Country scores can thus be compared to each other and over time with known margins of error and, therefore, less risk of overinterpreting statistically insignificant differences (Kaufmann *et al.*, 2010).

Figure 1 presents the Control of Corruption results for Hong Kong, several neighbouring countries, and a 14-country regional average, from 1996 to 2020, the most recent results available.

Here too it is evident that Hong Kong’s reputation for effective corruption control has remained intact across an extended and, at times, tumultuous time span (when post-2020 results appear they will bear careful scrutiny). It is impossible to say just how large a contribution the ICAC by itself has made to these index scores, although it seems likely that an agency with its visibility and reputation, operating in a city-state of great international significance, would influence perceptions in significant ways.

These results reflect well on the ICAC but do not justify complacency, or suggest that it has succeeded for all time. From a high of 1.96 in 2010 the HKSAR’s scores have declined to about 1.65 – high by comparison to most of its neighbours, but likely reflecting the internal problems and wider developments noted earlier in this article. Still, barring changes in Beijing’s treatment of Hong Kong in years to come, an abrupt collapse in anti-corruption performance seems unlikely. Current opportunities and ways of doing business are too profitable for too many people and firms to be simply abandoned, and the favourable reputation built up by the ICAC and the HKSAR itself is of immense value to the Party leadership.

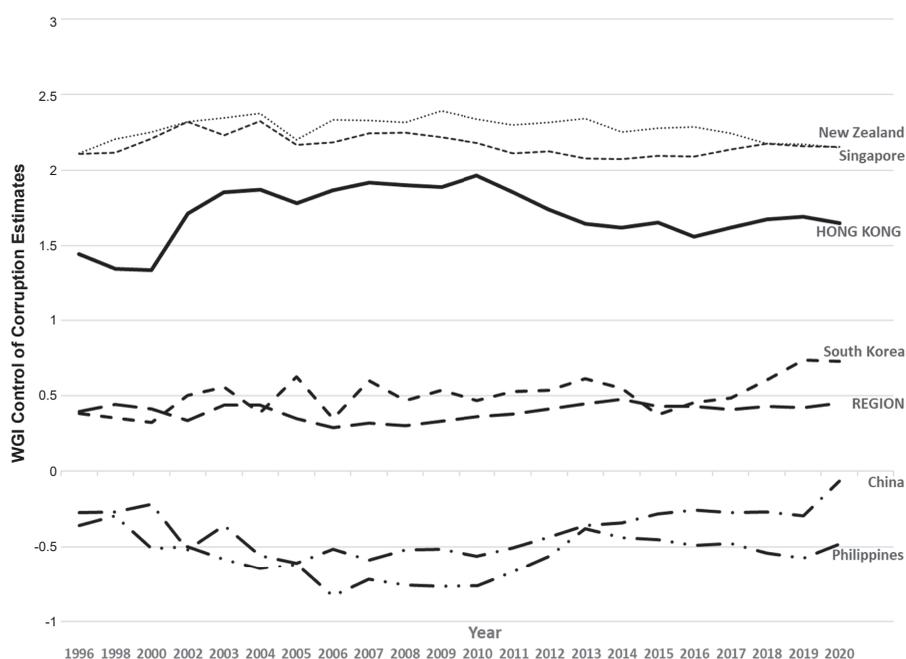
**ICAC and civil society**

In its public education and organization-building efforts and its success in persuading citizens to report corruption, the ICAC has integrated itself into local social values and expectations of governance, creating what Gong and Xiao (2017) have accurately termed

Country/Region	2012	2016	2021
Singapore	87	84	85
<b>Hong Kong SAR</b>	<b>77</b>	<b>77</b>	<b>76</b>
Japan	74	72	73
Taiwan	61	61	68
South Korea	56	52	62
China	39	40	45
Philippines	34	35	33

**Source:** Transparency International (2022b)

**Table 1.**  
CPI scores of selected  
Asian countries/  
regions in 2012, 2016  
and 2021



**Note(s):** Before 2002-2003, scores were reported over two-year intervals

**Source(s):** Data from World Bank (2022). Graph compiled by the author. Regional score is an annual unweighted average for Australia, China, Japan, North Korea, South Korea, Laos, Macao SAR, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand, and Vietnam

**Figure 1.**  
WGI control of  
corruption scores,  
1996-2020 - Hong Kong  
and 14 Regional  
countries/regions

“Socially embedded anti-corruption governance”. This unique accomplishment is a central focus of this article – that ambitious and well-supported as the ICAC’s investigation and prevention efforts have been, it would not have been so effective without the acceptance and active support from Hong Kong society. That conclusion is reinforced when we consider the often-dismal records of ACAs elsewhere that have been unable to build strong social foundations for their efforts. It is also made clear when we look at how the ICAC has gone about winning such support.

As noted earlier, the first major step toward acceptance for the ICAC was to pursue, and then to imprison, Peter Godber. Later developments built on that success. In 1975 the Community Relations Department became operational, and early on was charged with two basic tasks: “to educate the public against the evils of corruption” and “to enlist and foster public support in combating corruption” (Scott, 2013, p. 14). The former became an ambitious effort – one that still has few parallels around the world – to change public attitudes. That process came to include anti-corruption classes and school curricula, widespread and often quite clever mass media and poster campaigns, and aggressive publicity regarding ICAC activities and accomplishments. Young people were an important target for such efforts, as the ICAC frequently sponsored youth-oriented sporting events, concerts, and the like. ICAC Clubs, launched in 1997 to appeal to a wider constituency, offer social opportunities, awards, and other incentives essential to building and sustaining collective action (Johnston and Kpundeh, 2004), along with discussions and lessons on ethics and corruption. Other efforts addressed public reactions to corrupt activities themselves; an understanding that citizens

and families, as well as the whole society, were harmed by corruption and stood to benefit from effective controls; and attitudes toward anti-corruption institutions. There the agenda was to enhance trust in those institutions and positive perceptions of their effectiveness.

A second major thrust, launched in 1974, was the active solicitation of citizen reports of corrupt treatment and events, accompanied by credible guarantees of safety for those filing reports. Citizens can go to an ICAC office or reporting location, file reports by telephone, or submit them by mail. This process too has been backed up by extensive publicity, often emphasizing that people of humble status such as fishermen and street hawkers can and should report corruption (Scott and Gong, 2015; Chan, 2005, p. 99). Those guarantees are backed up by action – even when reports do not justify a full investigative response they are acknowledged and taken seriously. Over time those principles became credible,

In 1974, when the agency was newly established, only 35 per cent of the complainants reporting corruption were willing to identify themselves, but in 2002 this figure stood at almost 72 percent. In 1993, 36.7 percent of respondents said they would not tolerate corruption in . . . the private [or] public sector; the level of intolerance rose to about 80 percent in the late 1990s and stood at 90 percent in 2002. In 1993, 44.5 percent of respondents expressed tolerance of private sector corruption, a figure that fell to 13 percent in 2002. Respondents indicating “willingness to report” corruption stood at 54.4 percent in 1993 but rose to 64.7 percent in 2000, and 67 percent in 2002 (Chan, 2005, p. 104).

Such trends have continued through to recent times, although not without some hitches: a partial amnesty for corrupt police officers in 1977 significantly reduced trust in the ICAC for a time as reflected in a temporary reduction of citizen reports (Scott, 2013). Still, in 2016, 70 per cent of Hong Kongers expressed a willingness to report corruption. In 2020, the same percentage of those filing reports with the ICAC were willing to state their identities. The importance of credible guarantees of safety becomes evident when we consider that while a similar survey in an important Mainland China city found levels of intolerance for corruption broadly similar to those in Hong Kong, only 32 per cent expressed a willingness to file reports (Yuan, 2016; Hsieh, 2017).

Gong and Xiao (2017) conclude that low tolerance for corruption by itself does not necessarily translate into citizen willingness to participate in corruption control. Trust in the anti-corruption authorities, both in respect of how they will treat citizen participants and of how effective the agency actually is, is equally important. The ICAC’s efforts are strong and effective in no small part because its public relations strategies have succeeded on both criteria.

### **Citizen reports: a continuing success**

The strategy of soliciting citizen reports of corruption began to pay dividends early on (the following data are from ICAC, 2022a; 2022b). In 1974, there were 3,189 reports, a figure that would not be exceeded until 1993 (3,276) and 1994 (3,312). As noted above, reports fell off for a time after the 1977 police amnesty, with just 1,700 reports received in 1977, 1,234 in 1978, and 1,665 in 1979. But by 2000 and the years thereafter, the total frequently exceeded 4,000, and after 2010 – when data on reports were adjusted to reflect the fact that some involved multiple instances of corruption – the totals ran as high as 4,010. More recently, 2,297 reports were filed in 2019, 1,924 in 2020, and 2,264 in 2021. Those figures, reflecting as they do citizen willingness to object to abuses of power and their trust that they can do so safely and effectively, are all the more remarkable given the political uncertainties of life in the HKSAR since 2014 and 2019. Here again, figures for 2022 and later years will bear careful scrutiny.

The flow of reports reflects many influences, and thus we should not oversimplify the significance of year-by-year comparisons. For one thing, of the 1,924 reports received in 2020 just 1,454 could be actively pursued. Early on, complaints against police were quite common; then, after the police were taken out of the anti-corruption picture and police governance

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improved, emphasis shifted toward banks and the private sector. Private-sector corruption continues to dominate the flow, with 59 per cent of the 2020 reports; 33 per cent regarded government departments, and 8 per cent public bodies (ICAC, 2021).

### Engaging with traditional values

The ICAC operates in a society where, despite the sweeping social changes of recent generations, traditional ways of thinking continue to shape people's attitudes toward their own and others' conduct and interactions. Chinese history offers a rich heritage of texts and thinkers that can guide such an analysis, but generalizations about those values and their salience must still be made with caution: fundamental and enduring traditions may be ill-suited to explaining many of the diverse and rapidly-changing actions we see in contemporary societies. Moreover, it can be difficult to distinguish between "cultural values" and the behaviours and outcomes they are presumed to encourage or inhibit. Facile generalizations can lead to circular arguments in which "culture" supposedly shapes behavior, yet we divine the nature of culture by watching behaviour, or by selectively applying whatever aspects of tradition that might seem relevant at the moment.

Social diversity adds to the complexities: Confucian ways of thinking influence social interactions for many in Hong Kong, but other traditions – Taoism, for example – are also important parts of the social mix. In addition, we should not regard such values solely as religious influences; indeed, "in a 2014 survey conducted by the Gallup Poll, 75.55% of Hong Kongers said that religion was not important to their daily lives" (*Cultural Atlas*, 2022). While traditional values inform Hong Kong citizens about integrity in many ways, they do not reduce to a simple list of do's and don'ts about personal integrity.

Instead, we are considering densely intertwined and broadly applicable principles regarding how people ought to live, both in their own dealings and in a society. Harmony – a "proper and balanced coordination between things", for example, is a deeply important Confucian value with far-reaching implications. But it has definite limits,

Confucius said, "The gentleman aims at harmony, and not at uniformity (*junzi he er bu tong*, 君子和而不同)." Thus, a gentleman may hold different views, but he does not blindly follow others. Instead, he seeks to coexist harmoniously with them (Zhang, 2013, p. 2).

Similarly, Westerners are familiar with references to "face" (*mianxi*, 面子) or "losing face", but their full complexity and subtlety can be elusive. According to Ho,

Face is the respectability and/or deference which a person can claim for himself from others, by virtue of the relative position he occupies in his social network and the degree to which he is judged to have functioned adequately in that position as well as acceptably in his general conduct; the face extended to a person by others is a function of the degree of congruence between judgments of his total condition in life, including his actions as well as those of people closely associated with him, and the social expectations the others have placed upon him (Ho, 1976, p. 883; Teon, 2017, p. 3).

Clearly such principles do not reduce to a list of specific rules an individual should follow, but rather emerge and are applied in the context of extended social interactions.

*Guanxi* (關係), as noted earlier, is sometimes misunderstood as a type of corruption, or as a synonym for corruption itself, but that is a significant error. While the term is negatively construed in the People's Republic of China, in Hong Kong its meanings are complex and contingent, referring to a set of mutual connections and expectations that could take on a corrupt form but more generally amount to a set of mutual social credits (Fan, 2002), and might be seen as a basis for trust. As with "face", *guanxi* is a social construction or judgment deeply embedded in one's interactions with others over time. "Advantage", a term and concept central to the POBO, not only has a stated legal meaning but also a variety of subtly differentiated social meanings and applications. "Corruption" has legal meanings but it too

has a range of social connotations (Fang, 2022; Chan, 2005, pp. 105-111). Other customs and traditions are somewhat more contested: “tea money” was long seen by most as an informal but acceptable reward for, or in anticipation of, a personal favour; not surprisingly the boundaries of the concept were ill-defined. The ICAC has sought to persuade citizens that “tea money” is a bribe, and likely to lead to the sorts of gratifications that can become ingrained in compromising relationships between citizens and officials (Chan, 2005, p. 111).

A full discussion of traditional Chinese values and corruption control might include a variety of other examples, such as honesty – a highly-prized value – benevolence, righteousness, filial piety, and *Lian* (臉) – “a sense of shame in relation to social standards of morality and behaviour” (Teon, 2017, p. 6). But how might the ICAC have linked these values to corruption control?

Some of the connections are overt and participatory. Youth activities and ICAC clubs at the neighborhood level – activities that set the ICAC apart from most other ACAs – bring home the core principles and presence of the agency, often in enjoyable social settings. Anti-corruption messages and materials emphasizing values rather than laws and punishment (Laje, 2013, p. 3) have been provided for school curricula for many years. Public sporting events sponsored by the ICAC may likewise convey the message that honesty, righteousness, and fair dealings among citizens are principles that are alive and well, and backed up by a prominent and effective agency.

Mass media can make a variety of other connections. Televised dramas featuring popular stars and directors such as “ICAC Investigators”, illustrating actual cases and tactics, were launched in the mid-1970s. The world premiere of a TV movie, *ICAC Investigators 2014-Better Tomorrow*, was featured at the Hong Kong film festival in 1974 to celebrate the ICAC’s 40<sup>th</sup> anniversary (Chu, 2014). Shorter public service announcements, often produced in slick and creative fashion, invoke important values too: one, from the 1990s, used the image of a well-tended aquarium with a variety of different fish as an illustration of harmony, and then showed an aggressive predator (accompanied by alarming music) as a metaphor for corruption and the disruption it produces. Another featured a young functionary in a large business office who had been found to be corrupt, and had been dismissed. In the background his fellow workers avert their eyes and turn away as he is marched out of the office – having been dismissed. It is hard to escape the inference that as a result of giving in to corruption, a once-promising young man was suffering a massive loss of face. Yet another mini-drama from that same collection featured an obviously prosperous, westernized businessman as a guest on a television game show, complete with a glamorous host and an elaborate stage set featuring a giant spinning wheel of fortune. The businessman decides to play for the big all-or-nothing prize, only to realize as the wheel slows down that there is no way he can win. The “game” concludes with the businessman’s wife and young children witnessing his disgrace – clearly a loss of face and, perhaps at a stretch, a reference to filial piety. Lest the message be lost on anyone, each of these announcements ends with a prominent mention of the ICAC and its telephone number for reporting corruption (ICAC, 1996).

Finally, some of the cultural influences may be quite subtle. The discussions and activities of ICAC Clubs, for example, are likely more effective over time among people who value harmony. Symbols matter as well, thanks in part to a process known as “priming” whereby exposure to some stimuli can influence responses to others later on “by activating an association or representation in memory” (Cherry, 2021). The ICAC logo, for example, includes not only the English-language initials but also a symbol, usually rendered in red and resembling a traditional Chinese seal. As Chan (2005, p. 99) points out,

A Chinese seal signifies that someone claims responsibility for his or her own work. . . . The four characters of the Chinese name for the agency appear in the “seal” script, evoking a feeling of dignity and power. Such a logo for a governmental department was novel in the colonial history of Hong

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Kong. And yet such design, symbolic of credibility and a powerful weapon, succeeds in appealing to the feelings and emotions of the majority population rooted in its own traditional culture.

Similarly, in one study Hong Kong experimental subjects who were shown an ambiguous image after having been “primed” with traditional Chinese- or American-oriented stimuli interpreted it in significantly different ways, with the American-primed subjects describing the image in more individualistic, rather than group-oriented, terms (Hong *et al.*, 1997, as cited in Liu *et al.*, 2014, p. 107). While we should not attribute vast psychological powers to the ICAC logo, it likely can engage other associations and values rooted in Chinese traditions. The complexity and interconnections of these networks of values underlines their power: because of their deep social roots and far-reaching consequences, if any of those values is under stress then much else is at stake too.

Many of the hopes underlying the ACA concept are legal and institutional. But the ICAC story makes it clear that there are important “relational” (Bell and Hindmoor, 2009) dimensions involved as well. Gong and Xiao (2017, p. 14) describe the “relational” as “concern [ing] how the government understands and works together with citizens and non-government organisations”. Looked at this way, corruption control becomes a continuing presence in the community, involving citizens in a variety of ways. It also creates the need and opportunities not only to educate the public on applicable rules and standards, but also to link programmes and control efforts to traditional values.

Problems over the past decade notwithstanding, the persistence and consistency of the ICAC’s work have been some of its most potent assets. In an era in which many anti-corruption programmes have a two- or three-year timeline, are organized and funded from outside the society in question, and in which many ACAs lose public credibility within a few years – or indeed, never win it – Hong Kong’s ICAC has been following its basic three-pronged strategy for nearly half a century. In that time citizens and businesspeople have witnessed a dramatic and widely – if still unevenly – beneficial economic transformation. It would be unwise to attribute those changes solely to the ICAC, but there seems little room for doubt that its widely-recognized success in reducing corruption has been a major positive factor. As Chan concludes,

Over time, the public saw that the ICAC really meant what it said, and at the same time they were reminded of the deep-rooted Confucian values and beliefs of an “honest”, “dutiful”, “righteous”, “benevolent”, and “upright” individual – where “rotten” and “corrupt” are never part of the makeup of a Chinese “gentleman”. Protected by the due process of the common-law legal system, the people became willing to report wrongdoing and to embrace new social definitions of corruption. This mindset is a marked change from their submissive culture (Chan, 2005, p. 112).

## Conclusion

Hong Kong has arguably come closer to a *de facto* zero-tolerance anti-corruption regime than all but a handful of other societies. To extract lessons for other corruption fighters in other places I return to the central theme of this analysis: the ICAC has not succeeded all by itself, but rather by involving the whole society in reform via its strategy of socially-embedded anti-corruption governance (Gong and Xiao, 2017). Other than perhaps the case of Singapore – another city-state and one that historically has been considerably more strictly governed than Hong Kong – there are few cases suggesting that zero-tolerance proclamations from the top amount to a promising response to corruption. Far more rewarding – if more demanding, and requiring continuing long-term commitment – is the approach of building resistance to corruption within society through continuing educational efforts, swift and credible responses to corruption *as citizens experience it*, and building social participation and trust. The Hong Kong case shows that if “zero tolerance” is to be more than an empty slogan, a face-

saving exercise for elites, or a pretext for repression, it is most likely to succeed when it mobilizes the whole society – and from the bottom upwards.

For corruption control to have a chance to succeed, citizens, activists, leaders, and international partners must resist the temptation to seek immediate once-and-for-all solutions, or to rely only on investigation and law enforcement. Instead, they must prepare for a lengthy struggle – one that will involve reverses from time to time, as Hong Kong and virtually every other case shows. That may require long-term, sometimes low-profile steps for which it may be difficult for anyone to claim credit, but that will be integral to the challenges of winning credibility and trust. Reformers must understand social values and traditions in depth, sometimes adapting to those ways of getting things done and at other times, modifying them through teaching and patient persuasion. Corruption control will be most effective when reformers see it not just as an institutional problem but as something people experience every day. Reform must be pursued not *for* people but *with* them, for citizens possess knowledge, social ties, and self-interested energy essential to anti-corruption work. Some of the most important guidance may come from within society as we engage with social networks and community leaders, and with the challenges they continually face.

All of that takes time, and the ICAC's anti-corruption story remains very much a work in progress a half-century since its founding. It requires a particular kind of leadership, along with knowledge that may never come to the surface unless reformers actively seek it out and put it to use. Ultimately, it requires the recognition that serious corruption is not something that "happens to" a society, to be "fixed" by laws and institutional strengthening alone. Critical as those are, they must be part of a larger response drawing upon citizens' lasting interests in justice and a better quality of life.

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# Corruption, leadership, and the limits of political reform in Japan

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Received 24 January 2022  
Revised 20 May 2022  
Accepted 8 June 2022

## Abstract

**Purpose** – The purpose of this paper is to examine the challenges of Japanese political leadership in combating corruption with an emphasis on the 1970s and 1980s when Tanaka Kakuei and Miki Takeo led Japan.

**Design/methodology/approach** – This paper discusses the perceived extent of corruption in Japan, the importance of Japan's gift-giving culture, and examines the efforts of Miki Takeo and the consequences of his political reforms for Japanese politics. Comparison is made with his predecessor, Tanaka Kakuei, to highlight the differences in combating corruption between both leaders.

**Findings** – Compared to Tanaka Kakuei, who was highly corrupt, Miki Takeo left a mixed legacy. He managed to revise campaign finance laws but lacked the political will and support from his party. The reforms he implemented failed to reduce money in politics, but they favoured the opposition in the collection of funds.

**Originality/value** – This paper will be useful to scholars and policy-makers interested in studying the role of leaders in curbing corruption and the challenges of political reform.

**Keywords** Corruption, Japan, Leadership, Prime Ministers, Liberal Democratic Party, Cultural values

**Paper type** Research paper

## Introduction

Political corruption scandals have been a serious problem in post-war Japanese politics. Major corruption scandals impacted four national elections between 1948 and 1976. In the 1960s, the Liberal Democratic Party (LDP) established single-party dominance, which exacerbated the corruption problem. The leadership of Tanaka Kakuei accelerated that trend in the 1970s. In the 1980s and 1990s, a series of scandals tarnished the reputation of the LDP and stimulated a reform movement. A common explanation for explaining the prevalence of corruption is to focus on structural explanations such as the election, party, or campaign finance system. As stated in the introduction to this special issue, it is also important to consider the role of political leadership and cultural values in efforts to combat corruption.

Several recent efforts have clarified the role of political leadership in studies of corruption in various countries. Robert Rotberg (2020, p. 187) argues that corruption is a top-down problem that originates with the attitudes and permissive policies of leaders in power. Leadership choices are important, but he clarifies that the power of leaders is much more determinative in the developing world where institutions and political cultures are still being fostered. In contrast, Richard Samuels' 2003 comparative study of Italy and Japan views leaders as political actors with many assets that they can use for "stretching" the constraints of geography or institutional legacies. For Samuels, leadership involves the use of institutional, ideological, or material resources to seize opportunities and to gain support for their ideas. Samuels focuses on leaders such as Kishi Nobusuke, who helped to establish



LDP dominance as well as some of Kishi's disciples such as Tanaka Kakuei who became prime minister in 1972. While Tanaka warrants attention because he corrupted the political system to a considerable degree, it is also valuable to examine leaders that strove to reduce corruption in Japanese politics.

A major focus of this paper is on the leadership efforts exerted by former Prime Minister Miki Takeo as it pertains to his efforts to reform the campaign finance system from 1974 to 1976. Comparison with his predecessor, Tanaka Kakuei, is necessary because from 1972 until 1985, Tanaka either dominated the political system or was the opponent of the leader in power. Compared to Tanaka, Miki has received much less scholarly attention, which is unfortunate because he managed to implement some significant reforms in face of considerable adversity. Existing assessments of Miki have been mixed. Scholars such as Shinoda (2000, pp. 92, 117) praise Miki's skilful use of the media but criticize his failure to build party consensus. Gaunder (2007, p. 135) considers Miki as a Japanese leader who succeeded in passing political reform legislation. Others have viewed the reforms that Miki passed largely as failing to reduce the amounts of money in Japanese politics (Curtis, 1999; Krauss and Pekkanen, 2011). By evaluating some of these various claims, this paper offers a more nuanced perspective of Miki's efforts as well as the consequences of his reforms on the use of money in Japan's political system.

A focus on Miki and on Japanese politics during the Tanaka Kakuei era is important for two reasons. First, Miki offers a useful case study for considering some of the broader questions posed in this special issue. What is the role of leadership in promoting a zero-tolerance policy towards corruption? Also, how do cultural values and practices in a country promote or hinder anti-corruption efforts? While Japan has had many post-war prime ministers, it is difficult to review all of them here. However, Miki is arguably one of the most important post-war reformers who sought to cleanse Japanese politics. He faced a political system dominated by the LDP, its system of factions, and cultural practices such as gift-giving. He sought to overcome some of these obstacles by employing resources as well as his skills and personal attributes. A second reason for focusing on Miki is that he managed to pass the most significant reform of the campaign finance system since the American occupation, which has important consequences for Japanese politics going forward.

The remainder of this article is organized as follows. The second section provides a brief discussion of the perceived extent of corruption in Japanese politics followed by an analysis of the importance of Japan's gift-giving culture in the third section. This is necessary to situate Japan in a broader comparative perspective and to discuss some of the underlying themes raised in this special issue. The fourth section focuses on the role of the prime minister, the Tanaka Kakuei era, the rise of Miki, and examines some of the resources linked to Miki and other LDP factions. The fifth section considers Miki's efforts to reform the political system with emphasis on the 1975 campaign finance reform. The final section summarizes the main lessons and concludes.

### **Perceived extent of corruption**

Scholars have expressed different views on how much corruption exists in Japan. Edwin Reishchauer (1977, p. 309), wrote, "Political corruption is not widespread in Japan, as compared with many countries and is probably much less than in local governments in the United States". He based his argument on the lack of vote buying and the untarnished reputation of the national bureaucracy but acknowledges that the chief problem in Japanese politics is the vagueness of the line between legal and illegal political contributions. In contrast, Karl van Wolferen (1989, p. 136) contended that structural corruption "... has become so much a part of the extra-legal ways of the Japanese system on so many levels, that most citizens and foreign residents do not recognize it for what it is, but accept it as 'part of the

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system'. Structural corruption is a necessary and unavoidable aspect of Japanese politics for politicians, bureaucrats, and other political actors.

Transparency International's Corruption Perceptions Index ranks countries by corruption in their public sector based on perceptions of business people and country experts. In 2021, Japan was given a score of 73 out of 100 (scores closer to 100 indicate very clean), which ranks it 18<sup>th</sup> among the 180 surveyed countries. Japan's score is slightly lower than the United Kingdom at 78 but higher than the United States at 67. The World Bank's Control of Corruption indicator captures "perceptions of the extent to which public power is exercised for private gain" (Kaufmann *et al.*, 2010). In 2020, Japan's percentile rank was 90.4 out of 100 with a score of 1.5 (-2.5 is weak; 2.5 is strong) (World Bank, 2022).

Japan is a constitutional monarchy and democratic country where the rule of law is established and there is a low overall crime rate (Haley, 1991, p. 138). This generates positive impressions of Japan as a relatively corruption-free society in the eyes of expert respondents. Also, Japan's relatively clean scores reflect the absence of petty corruption as there is little need to bribe civil servants for public services. What is more difficult to measure is the amount of structural and grand corruption that exists in Japan because of the close relationships between politicians, bureaucrats, and business people. The aggregate corruption scores may capture some aspects of corruption in Japan but will miss other aspects.

In characterizing the syndrome of corruption in Japan, Michael Johnston (2005, pp. 77–85) claims that Japan falls strongly into what he labels influence market corruption. In societies like Japan, the United States, or Germany, there are strong state institutions, political competition, a free news media, and an open economy. The corruption that emerges in this context operates largely within the confines of established institutions. While other types of corruption may involve black markets and a greater magnitude of corruption, influence market corruption utilizes existing norms and channels while also blurring the lines between legal and illegal behaviour. One of the most widely debated corruption concerns in influence market societies such as Japan involves the use of money in politics.

Japan's political system is believed to be among the world's most expensive. According to Nassmacher (2009, p. 119), Japan ranks in the top group of 18 countries using an index of party spending. The "big spenders" consist of Israel, Mexico, Austria, Italy, and Japan. The high costs of politics in Japan have contributed to a never-ending cycle of corruption scandals and are an important feature of influence market corruption that exists between politicians, bureaucrats, and interest groups. The estimates used in this study, however, use reports from the 1990s but Japan's political system today no longer appears as expensive after a series of political reforms in 1994 (Carlson, 2016, pp. 115–116).

### **The importance of Japan's gift-giving culture**

A common view of corruption is that it involves dishonest individuals or the misuse of public power for private gain, but often little attention is devoted to cultural practices. In his overview of the literature, Caiden (2012, p. 96) explains that the "cultural dimension of corruption has been for too long a poor relative of other studies". In his study of corruption in Asian countries, Quah (2011, p. 21) considered the societal tolerance and cultural supports for its existence and considered practices such as gift-giving. In Asia and in most of the world's countries, gifts are given to show respect or to obtain a mutual benefit. As such, gift-giving can be a harmless custom, but it can also transition into bribery or personal enrichment as discussed below.

Some studies of corruption in Japanese society have focused on cultural traditions such as gift-giving. During the Tokugawa period (1603–1867), Mitchell (1996, p. 4) explains how political bribery became commonplace even though the bureaucracy created laws to outlaw

it. When the government requested bids for projects, merchants gave officials a “gift in anticipation” and if they won the bid, they gave the same officials a “thank-offering”. Officials willingly accepted the funds as part of doing their job and as part of their normal salary. The gift-giving practices that became entrenched among the elite essentially blurred the dividing line between gifts and bribes.

Rupp (2003, p. 1) argues that a major avenue for social mobility in Japan is through bribery and patronage. While she notes that the distinctions between “gift” and “bribe” are subtle and complicated, she highlights the essential and extremely important function that gift-giving plays in Japanese society. Patients give hefty gifts to their doctor prior to their operation. During the major gift-giving seasons in midsummer and at the end of the year, the average household sends around 16 gifts of around US\$40 each (Parry, 1998, p. 28). Gifts are given to mark social occasions such as weddings and funerals. Gifts are given to fulfil social obligations and to repay gratitude. Gifts can range from inexpensive souvenirs to expensive items or may be given as unmarked bills in special money envelopes. Gift-giving is particularly important because it reinforces mutual ties in society.

The gift-giving culture also permeates Japanese politics. Rupp (2003, p. 1) gives the example of bureaucrats, politicians, and people in business. People in business seek preferential treatment from bureaucrats in administrative matters. Politicians accept contributions from business interests and may in turn use their connections with government officials to assist their donors. In the pre-war period, bureaucrats were part of the ruling elite and functioned as officials for the emperor. Scholars use the term “1941 system” to refer to the one dominated by bureaucrats and to the bureaucracy-led industrial cooperation that drove the national economy (Johnston, 2005, p. 81). Under the 1941 system, bureaucrats had strong powers and discretion and outsiders needed access to bureaucrats to become insiders. In 1955, the LDP was formed and became the dominant party by 1960 whereas the socialists became the perpetual opposition. The “1955” system refers to the time when the LDP was in power from 1955 until 1993.

The merger of the bureaucratic system along with the party system dominated by the LDP is strongly shaped by cultural practices such as gift-giving, patronage, and influence-peddling, as well as bribery. Johnston (2005) classifies Japan particularly under the “1955” system as having the hallmark characteristics of an influence market society along with the characteristics of influence market corruption. The LDP traded influence and access to the bureaucracy in exchange for political contributions. Johnson (1995, p. 202) explains that nearly all bribery cases exemplify payments made by outsiders to access the bureaucratic corridors of power where the main decisions for society are determined.

Kaplan and Dubro (2003) claim that the concept of bribery is muddy in Japan largely because gift-giving customs are so entrenched and institutionalized. They question whether Japanese can even recognize the difference between a gift and a bribe. Police may be able to identify a bribe if the value is excessive for a particular situation but “such judgments become easily confused” (Kaplan and Dubro, 2003, p. 153). While distinguishing a gift and a bribe is difficult, Befu (1975, p. 91) explains that there are tell-tale indicators. A gift constitutes a bribe, for example, when a person gives cash on inappropriate occasions in an improper manner. To disguise bribes, givers thus try to conceal their actions by drawing upon the formal aspects of gift-giving such as presenting clean bills rather than dirty ones in a money envelope.

An extreme example that blurs the case of gift-giving and bribery is the case of Tanaka Kakuei. When he became the construction minister, he used public funds to foster deeper connections with ministry bureaucrats. In one case, he spent nearly half of the funds devoted to an opening ceremony to commemorate a paved road and to purchase presents for visiting officials and their wives (Mikuriya, 2016, p. 176). As prime minister, Tanaka also used the cover of traditional gift-giving to distribute summer gifts, year-end gifts, and campaign contributions to other politicians and to bureau chiefs in many of the ministries. It was

difficult for Tanaka and other politicians to stop the practice of gift-giving when it is accepted by many Japanese as a way of life. Although public perceptions of corrupt practices have changed considerably since the 1970s and there are more anti-bribery laws on the books, gift-giving customs are still deeply entrenched in Japanese society and politics today. The problem is that the regulations preventing gift-giving in Japan have not been enforced impartially or consistently.

### **The Prime Minister's role**

Before the 1990s, scholars described Japanese prime ministers as being weak and ineffective leaders. According to Kenji Hayao (1993, p. 201), Japanese prime ministers do “not play a particularly activist role in the policy process: he participates in only a few issues at a time and is not a major actor in initiating change in policy or in determining its content”. He argues that prime ministers are limited in their policy-making powers because they are beholden to their faction members that brought them to power. A second factor was the powerful influence of the bureaucracy, where much of the policy initiative in Japan lies. Lastly, “sub-governments” created around the Policy Affairs Research Council (PARC), the LDP's special party organ to consider policy, were often able to resist policies that came from the prime minister.

As recent structural changes have enhanced the prime minister's powers, Hayao's analysis requires revision. From 1999 to 2001, the Japanese government instituted administrative reforms to streamline the institutions of government and reduce the size of its bureaucracy. These reforms have enhanced the powers of the prime minister because cabinet decisions involve fewer officials. In addition, the strengthening of staff resources and transferring functions from the bureaucracy to the cabinet's staff have strengthened the powers of the prime minister (Shinoda, 2000, pp. 215–218).

In post-war Japan, many politicians were involved in various corruption scandals, but this did not stop them from later becoming prime minister. In the early part of this period, many of the corruption scandals involved economic interest groups trying to purchase public policy (Carlson and Reed, 2018, p. 26). In the Showa Denko scandal of 1948, Prime Minister Ashida accepted funds from a company heavily subsidized by the government. Prosecutors investigated Ikeda Hayato and Satō Eisaku in the Shipbuilding scandal of 1954, but this did not prevent either from later becoming prime minister. There are also examples of sitting prime ministers that resigned after a corruption scandal such as Tanaka Kakuei in 1974 or Takeshita Noboru in 1988.

Before analysing Miki's reforms in the fifth section, it is necessary to discuss how Tanaka's involvement in a scandal propelled Miki into power. Unlike Tanaka, whose faction in the LDP had more members and substantial resources, Miki's LDP faction was weaker with fewer members and limited resources. The fifth section will focus on Miki Takeo's leadership efforts to pass campaign finance reforms, his resources, and the constraints he faced within the LDP, as well as the long-term consequences of the 1975 reforms.

#### *Tanaka's corruption and the rise of Mr. Clean*

Tanaka resigned as prime minister in 1974 partly because of the upper house election results that year but what proved more damaging was a scandal that erupted over Tanaka's general uses of money in politics. A freelance journalist published an article in a monthly magazine revealing that Tanaka owned expensive real estate and many chemical and transportation companies that were likely purchased with leftover political funds (Tachibana, 1974). The journalist questioned whether Tanaka had essentially purchased the seat of prime minister, preventing his more senior rival from ascending. The Japanese mainstream press ignored these allegations until Tanaka made an appearance at the Foreign Correspondents' Club in

Tokyo, where foreign reporters asked him many questions about the allegations. After the mainstream media took interest in the story, Tanaka's enemies forced his resignation.

To fill the vacancy created by Tanaka, the LDP vice-president, Shiina Etsusaburō, was tasked to find a suitable candidate. To avoid a massive power struggle between two of the largest LDP factions, Shiina picked Miki Takeo, the leader from one of the LDP's smallest factions. Miki was known as a dedicated reformer with the nickname of "Mr. Clean". Miki enjoyed little support within the LDP, but his credentials as an outspoken reformer and party bosses' belief that he would be easy to control, helped him rise to the party's highest post (Johnson, 1976, p. 31). Gotō and his associates (1982, pp. 299–300) refer to the role of the Miki government as a kind of "repairman's" cabinet, whose purpose was to help strengthen and rebuild conservative LDP rule. The clean image of Miki, however, operated as a double-edged sword. It helped the LDP distance itself from the Tanaka scandals but at the same time Miki faced a weak position within the LDP and struggled to solve deeper conflicts within the party.

In *Governing Japan*, Stockwin (2008, p. 69) mentions the Miki government briefly and notes that it relied upon a weak power base and on opposition votes to support some of its policies. While Stockwin mentions Miki's "modest success with a watered-down version of the Anti-Monopoly law", no mention is given to Miki's effort to purify politics and reform the campaign finance system. As Toshimitsu (2016, p. 189) argues, the Miki cabinet was born against the backdrop of the problem of money in politics and praises Miki's role as being like a "railroad switchman" in presenting a new direction in conservative politics, part of which involved implementing political reform.

#### *The Miki faction and resources*

For Japanese leaders to "stretch" the constraints of geography or institutional legacies, they need to make use of a variety of resources to accomplish their goals. In Samuels' (2003) examination of Kishi Nobusuke, who helped establish LDP dominance, Kishi used resources including American money, government programmes, and underworld connections. Samuels (2003, p. 239) argues that Tanaka aggressively built upon Kishi's public resources model and essentially built a "general hospital" to take care of his supporters, faction members, and himself. As a politician and in his many stints as a cabinet minister, Tanaka mastered the use of Japan's public finance system, which involves large government subsidies to local governments and the allocation of massive expenses to public works projects. Tanaka also collected contributions from sources including the construction industry and possessed his own personal funds, which he used to aid his career in politics.

In contrast to Tanaka's aggressive fundraising tactics, Miki used the position of prime minister to enact specific reform proposals, rejecting the leadership style of his predecessor. He distanced himself from Tanaka's efforts to use government programmes to foster and maintain a patronage-dispensing system that rewards supporters. He rejected Tanaka's aggressive fundraising techniques, including Tanaka's efforts to use gift-giving occasions to distribute cash to all Diet members.

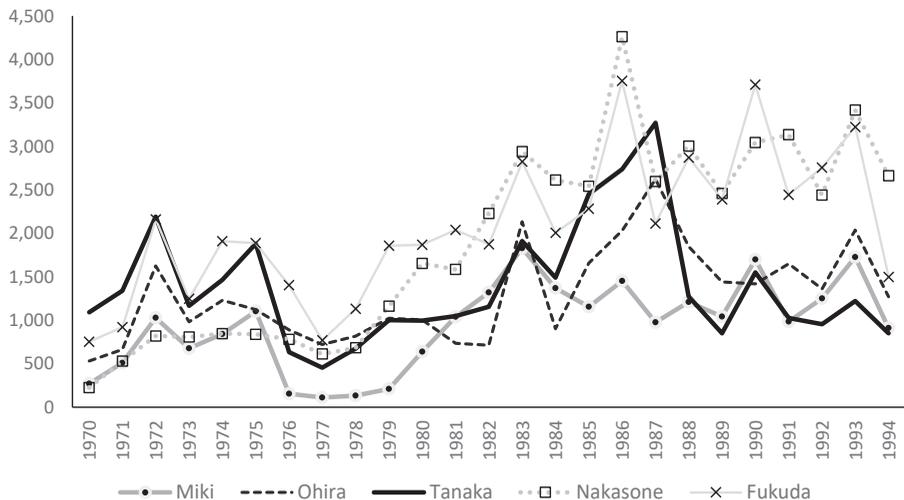
Miki was the leader of one of the LDP's smallest factions, which originates from a group that he formed with another politician in 1956. Factions are an essential component of the LDP's organizational structure. From the late 1960s, there were a total of five major factions. From 1972 until 1993, the five factions helped determine the selection of every single Japanese prime minister. The Tanaka faction was the largest in terms of the number of members in both houses, which owed a great deal to its leader's ability to raise political funds (Kohno, 1997, p. 104). Tanaka was also famous for using the cover of gift-giving to disburse funds to his supporters to further his political and business interests.

To say more about the Miki faction within the LDP and the importance of money in Japanese politics during this time, the author collected official campaign finance data reported by factions from 1970 until 1994. This period includes the 1975 reforms implemented

by Miki but stops prior to the 1994 reforms that changed the election system. To use political funds, factions are required to submit a disclosure report to the Ministry of Internal Affairs and Communications in Tokyo, the main bureaucracy in charge of managing the financial reports for political groups that operate in more than one prefecture. The ministry publishes summary statistics of these reports in an official government publication called *Kanpō*. The author used copies of these reports to examine the total revenues reported by the five major LDP factions during this time.

Figure 1 shows the amounts of income collected by the five major factions. During the first few years prior to 1975, the Miki faction was placed fourth out of the five factions in terms of reported income just above Nakasone. The Tanaka faction was in first place followed by Fukuda. In 1975, the campaign finance law was changed, and for some factions, it became more challenging to raise political contributions. The Tanaka faction relied heavily upon contributions from businesses, particularly those in the construction industry. However, it failed to maintain its spot as the richest faction. If we look at the entire period, the faction that averages the most across each year is the Fukuda faction followed by Nakasone and then Tanaka. The Miki faction is confirmed to have the smallest average revenue across the five major factions. As will be discussed later in the paper, the 1975 reforms that Miki helped pass targeted the Tanaka faction and made it easier for some of the other reform-oriented factions such as Fukuda to rise.

Factions and the sheer amount of money that is raised is only one indicator of resources. Miki clearly did not possess the extensive factional funds or enjoy a membership base as large as some of his rival factions. Writing in the 1960s, a political journalist praised Miki for being unmatched in policy matters, for his modernist thinking, and noted his support among the business community. He described Miki's major weakness as simply lacking naked ambition and popularity among the public (Watanabe, 2013, p. 187). However, Miki was selected as a compromise candidate because he was a faction leader and because he had a long career in politics after being elected in 1937. A significant resource Miki had was personal connections to leaders in all parties as well as bureaucrats. Likewise, when Miki became prime minister, he was skilled in attracting media attention and public support to help get his reform proposals passed.



**Figure 1.** Reported revenues for LDP factions, 1970-1994  
**Source(s):** *Kanpō* (various years), Yen in millions. Factions have multiple funding groups. The revenue is adjusted for transfers that occur between groups linked to the same faction

### The Miki reform movement

Bureaucrats enacted the Political Funds Control Law (PFCL) in 1948. Inspired by its American counterpart, the Federal Corrupt Practices Act, the PFCL focused on limiting campaign contributions and campaign spending. It required all parties, political organizations, and candidates to keep account books that recorded the names, addresses, and occupations of persons who either received or gave payment. It banned contributions from foreign nationals and organizations under government contract as well as spelling out financial penalties for groups that violated provisions of the law.

Five months after the birth of the Miki cabinet, it submitted legislation to change the PFCL in April 1975, which passed the Upper House in July. This reform introduced new disclosure requirements and quantitative restrictions for donations for any political entity that wants to raise or spend political funds throughout the year. Most importantly, political parties were required to disclose the names of donors contributing more than 100,000 yen (US\$337). This change significantly increased the transparency surrounding the finances of parties. However, the disclosure limit for non-party entities such as factions or political support groups were not lowered significantly because the politicians that created such groups were reluctant to apply greater transparency to their own finances and to reveal more about how they raise and spend money.

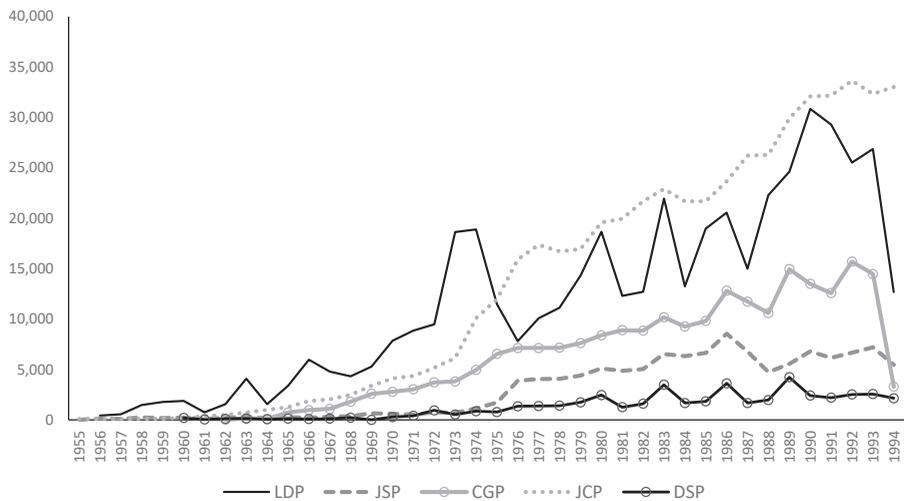
Miki saw his appointment as prime minister not as an opportunity to enrich himself or his supporters but as an opportunity to pass concrete reforms. He mobilized the public against the excesses of the Tanaka administration and used the media to put pressure on politicians to pass reforms. Gaunder (2007, pp. 40–41) argues that Miki is a successful reformer because of the environment in which he came to office and the resources and personal attributes he brought to bear on the policy-making process. She cites his willingness to take risks, his vision, and his commitment as being the critical factors that differentiated Miki from other readers and shaped his success in passing reform.

It is also clear that Miki faced major constraints in realizing his vision of “clean politics”. Bureaucrats, not Miki, wrote the specific details of the reforms while politicians helped water down the final version. One of the most important components of Miki’s original plan was a ban on corporate contributions. This was a particularly sensitive issue as nearly all conservative politicians rely upon this source for political funds. The ban was effectively abandoned after party leaders told Miki that they would study the issue and revisit it again in the future. Another proposal that Miki had pushed for but was not implemented until 1978 was his suggestion to change the LDP selection system for its president (Tsurutani, 1980, p. 848).

In lieu of the corporate ban, bureaucrats helped devise a system establishing new quantitative ceilings on political donations. Corporations, unions, industrial and other associations, and individuals can donate to parties, factions, and other political organizations. Corporations can contribute an upper amount based on the level of their capitalization while unions face a limit based on their membership. Industries and other associations contribute a maximum amount based on their reported amounts of annual expenditures. To encourage more donations from individuals, the law also introduced tax deductions that individuals could use if they did not exceed 25 per cent of their income.

To examine the consequences of the 1975 reforms for the LDP and opposition parties, the author collected the amounts of income collected by five of the major parties starting in 1955. Figure 2 shows the amounts of total revenues collected for five established parties that reported income in the period prior to the 1975 reform and after: the LDP, the Japan Socialist Party (JSP), the Clean Government Party (CGP), the Japanese Communist Party (JCP), and the Democratic Socialist Party (DSP). The richest party in Japan is the JCP, which averages 12.9 billion yen across the period (about US\$99.4 million in 2022). The JCP owes its wealth to its profitable publishing business. The LDP is the second richest averaging 11.8 billion yen,

**Figure 2.**  
Reported revenues for parties, 1955-1994  
**Source(s):** Kanpō  
(various years), Yen in millions



which it collected primarily from big business and political contributions. The CGP is placed third at 6.8 billion yen followed by the JSP (2.9 billion yen) and the DSP (1.3 billion yen).

Figure 2 allows us to glean some insight into the impact of the Miki reforms on the LDP and other parties. If we compare the 1955-1974 period with the 1975-1994 period, all the parties raised more funds. The average percentage increase was considerably high at 745 per cent. This picture confirms the common criticism that the Miki reforms failed to curb the use of money in Japanese politics. However, the Miki reforms need to be understood in terms of their relative impacts on different parties and factions. In the regulation of political funds, an important question is whether the reforms provide advantages for the ruling party or for the opposition.

While all parties raised more funds after 1974, the opposition parties all did better than the LDP in terms of the average per cent increase. The JSP, for example, raised 1,431 per cent more in the period after 1975. Compared to the opposition parties, the LDP experienced the least amount of increase at 237 per cent. In relative terms, the Miki reforms purposely targeted both the LDP and the Tanaka faction and not surprisingly, the LDP and Tanaka faction fared poorly in the collection of funds compared to the other parties and factions. An important legacy of the 1975 reforms is that they benefitted the opposition parties and some of the non-Tanaka factions, helping to shape an era dubbed the Era of Parity (*hakuchū jidai*) that existed between 1976 and 1980 and beyond (Stockwin, 2008, p. 70).

In 1976 when Miki was still prime minister, the Lockheed scandal revealed the dirty secret that Tanaka had accepted 500-million-yen (around US\$1.67 million at the time) from the Lockheed Corporation when he was prime minister (Blaker, 1977, p. 83). Tanaka's arrest in 1976 owes much to Miki's determination to let the investigation into the Lockheed scandal proceed and not to intervene to protect Tanaka. Miki was willing to risk the honour of Japanese politics to allow investigators to gather evidence and prosecute those that broke the law in the Lockheed scandal (Mukaidani, 1993, p. 66). Miki based much of his decision on the public support he received for his anti-corruption stance (Johnson, 2003, p. 267).

Miki's efforts to pass reform, however, were not popular within his party or with everyone in the opposition. LDP party bosses had promoted Miki to the prime ministership partly because they likely believed he would be easy to control. Miki shocked them by not intervening to halt the investigations and criminal trial into Tanaka and Lockheed. When it was clear that Miki could

not be controlled, leaders within his own party began an organized push to remove him from office. This effort grew more frantic as Tanaka and five other LDP members were arrested and indicted. With Miki refusing to resign, the Tanaka faction resisted calls for an early election because they were fearful of the negative public reaction over Lockheed.

Miki and the LDP could not postpone the 1976 election, dubbed the “Lockheed” election, indefinitely. In that election, the LDP lost 22 seats compared to the previous election. Miki resigned to take responsibility for the LDP’s poor performance. Although Miki achieved some successes such as campaign finance reform, the loss of the prime ministership and the damage inflicted upon the LDP in the 1976 election marked an end to his reform movement. Prosecutors convicted Tanaka in the 1980s, but he ultimately served no jail time due to appeals. He continued to run and win as an independent until 1986. He led the largest LDP faction despite not being a formal member of the LDP. Tanaka’s influence waned after he suffered a stroke, which is why the Tanaka era is said to last until 1985.

Toshimitsu (2016, p. 189) suggests that part of Miki’s legacy is that instead of simply being a caretaker government, his role was more like a “railroad switchman” in charting a new direction for conservative politics. The Miki government experienced a variety of legislative and political successes in such areas as the Anti-Monopoly law, and revising the public elections law, as well as 1975 campaign finance reform. Inspired by a series of corruption scandals beginning in the late 1980s, political leaders after Miki and Tanaka sought to make additional reforms to the political system. During the Kaifu and Miyazawa administrations, efforts to change the election system failed. When a vote of no confidence was passed against Miyazawa, it triggered the 1993 election. Seven parties formed an anti-LDP coalition government. Although this government lasted less than a year, it managed to pass a series of reforms in 1994. Japan adopted a mixed-member majoritarian electoral system, revised parts of the campaign finance law, and adopted a subsidy system to fund political parties.

## Conclusion

Political corruption scandals were a common problem in post-war Japanese politics. Japan fits many of the general characteristics of influence market societies where corruption largely occurs within the confines of established institutions. There are also important cultural dimensions underlying this influence market corruption. The prevalence of gift-giving practices, for example, is sometimes used as a cover for bribery. Most studies of corruption focus attention on dishonest individuals and give little attention to the cultural practices that contribute to corruption. Likewise, scholars have focused more on studying the importance of structural constraints with less attention given to the role played by leadership and human agency.

The role of Miki Takeo was examined to consider some of the major questions posed in the introduction to this special issue. Miki is a significant reformer who managed to become prime minister and made several important contributions to Japanese politics. He faced a system dominated by the LDP, and its factions, as well as cultural practices such as gift-giving. He also struggled to reverse the legacy and weaken the influence of Tanaka Kakuei. He employed various resources such as personal connections and used the powers of the media to publicize his efforts. Compared to Tanaka, Miki used the position of prime minister to realize his convictions and to implement some of his reform visions.

Scholars have described the Miki cabinet as being a caretaker government or a “repairman’s” cabinet because of the view that Miki was not able to resolve deep conflicts within the LDP. The Lockheed scandal that surfaced afforded Miki an opportunity to go on the offensive, but he faced fierce resistance within his own party, which ultimately brought an end to his stint as prime minister. Although there is considerable truth in such views, another perspective is that the Miki cabinet helped pave the way for a new conservative direction by implementing political reform and establishing a stable path for economic growth (Toshimitsu, 2016, p. 189). Alternatively, Miki warrants attention to understand how

leadership plays a critical role when reform occurred (Gauder, 2007, p. 135). It is hoped that future research can shed more light on his leadership, and the leadership of the Miki cabinet, as well as the long-term consequences of the political reforms that are part of his legacy. Likewise, it is necessary to generalize beyond the cases of Miki and Tanaka to study the role of other political leaders in reducing or enhancing corruption.

Miki's reform of the PFCL in 1975 was its most significant revision since its enactment in 1948. The frequent criticism that the reform failed to reduce the amounts of money in Japanese politics was confirmed. Miki also had to compromise on his goal to ban corporate contributions. This leads to a second common criticism that the reforms failed to accomplish all of Miki's objectives, but they still changed the face of Japanese politics for better or worse, and allowed for the subsequent reforms that followed. If Tanaka was responsible for corrupting Japanese politics to a considerable degree, Miki and his reform efforts helped restore LDP conservative rule and laid the foundation for future political reforms. The limited success of the 1975 reforms illustrates the difficulties in overcoming the structural corruption present in the political system even as the Tanaka Kakuei era was coming to an end.

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# Challenges in combating corruption in Malaysia: issues of leadership, culture and money politics

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## Abstract

**Purpose** – The aim of the paper is to analyse the prevalence of corruption in Malaysia since 2004 in relation to political leadership, implementation of anti-corruption measures and the political and business culture based on money politics.

**Design/methodology/approach** – The paper draws from the information and data provided by the Malaysian Anti-Corruption Commission, the Malaysian government, international organisations, media reports, and academic papers.

**Findings** – The paper analyses the perceived extent of corruption in Malaysia by examining how successive governments have dealt with the problem through a wide range of measures. Corruption remains widespread because of ineffective implementation, a culture of money politics based on mutually beneficial crony associations between political actors and business leaders, political interference to frustrate enforcement against corruption offenders, especially prominent personalities, and the mixed impact of corruption prevention measures. The paper concludes that the political and business culture and the nature of political leadership have eroded the political will to combat grand corruption in Malaysia.

**Originality/value** – This paper builds on previous research on corruption in Malaysia and highlights the combined negative impact of political leadership and a business and political culture that tolerates and espouses corruption, especially through money politics, and the consequent weak political will for tackling grand corruption.

**Keywords** Malaysian Anti-Corruption Commission, Corruption, Leadership, Money politics, Political will

**Paper type** Research paper

## Introduction

Public and private sector corruption are rampant in Malaysia and reflected in the prevalence of bribery, embezzlement, fraud, cronyism, bid-rigging in procurement, and money-laundering at the highest levels in major investment, infrastructure, and procurement projects, logging and other concessions, and at lower levels in law enforcement, low value tenders, and business regulation. Corruption has prevailed under the *Barisan Nasional* (BN), a coalition of parties which ruled Malaysia from independence in 1957 until 2018, with the principal party being the United Malays National Organisation (UMNO). Prime minister Abdullah Badawi (2004-2009) and his successors have promised to stamp out corruption. However, the results have been disappointing, and corruption has in fact increased in some years.

The paper draws from information and data provided by the Malaysian Anti-Corruption Commission (MACC) and Malaysian government reports and plans, data and reports



provided by international organisations (such as Transparency International, the World Bank and PwC), media reports, and various academic papers and on-line publications.

This paper examines the extent and nature of corruption in Malaysia from 2004 to 2021 and evaluates the effectiveness of the various anti-corruption measures undertaken. It also explains why these measures have been ineffective, linking their failure to weak enforcement, political leadership and the culture of money politics which has been fostered, despite the role of civil society organisations in exposing corruption.

### Literature review

Dahlan and Hamizan (2018, pp. 217-233) describe the formal legal and institutional framework for combating corruption in Malaysia and analyse its failure to combat corruption effectively. Research by Kapeli and Mohamed (2015, pp. 525-534), Hashim and Mohamed (2019, pp. 11-26), Durairaja *et al.* (2019, pp. 1-12), Siddiquee (2014, pp. 7-31), Siddiquee and Zafarullah (2020, pp. 1-17) and Jones (2020, pp. 59-72) have shown that, in spite of the policy commitments, and many legal and administrative measures to deal with corruption, corrupt practices, including those at senior levels, prevail in Malaysia. A major cause has been poor implementation and enforcement, exacerbated by political interference in the enforcement process. Also focusing on implementation and enforcement, Chong and Narayanan (2017, pp. 66-84), compared the size of bribes given with punishment dispensed, and argued for stricter enforcement, higher conviction rates and more stringent punishment. However, Saidin and Haron (2017, pp. 54-66) and Sajari *et al.* (2016, pp. 135-141) have emphasised instead the promotion of integrity in public and private organisations by inculcating personal ethical responsibility among the managers and support staff.

For private sector corruption, Yusof and Arshad (2020, pp. 1273-1287) examined the impact of regulatory bribery on doing business and profitability in Malaysian companies. Wee *et al.* (2011, pp. 567-593), Hasan (2016, pp. 1865-1868), Hassim *et al.* (2017, pp. 1-17), Hassan *et al.* (2020, pp. 694-710), Jones (2018; 2021, pp. 113-128) and GAN Integrity (2020) have highlighted corruption in public procurement activities, obtaining licences, and logging concessions, with the beneficiaries being top politicians, senior administrators and their business associates. These complement studies by Gomez (2012, pp. 1370-1389), Tan (2014, pp. 200-213), and Azmi and Zainudin (2021, pp. 593-606), which focus specifically on money politics linking politics and business in Malaysia, often leading to high level corruption.

### Perceived extent of corruption in Malaysia

The perceived extent of corruption in Malaysia can be gauged from the Corruption Perceptions Index (CPI) of Transparency International (TI) and the World Bank's Control of Corruption indicator. Table 1 shows that the yearly average CPI score from 2004 to 2011 for

	TI's Corruption Perceptions Index		World Bank's Control of Corruption	
	Score*	Rank**	Score***	Percentile
2004-2011 (Yearly average)	4.8	49	0.12	60.2
2012-2020 (Yearly average)	51	55	0.24	63.3
2021	48	62	0.25	62.5

Sources: Transparency International (2022); World Bank (2021)

\*Up to 2011 the CPI score was out of 10; thereafter out of 100

\*\* In the CPI rank order, the highest is 1

\*\*\* The World Bank corruption scores range from -2.5 (lowest) to +2.5 (highest)

**Table 1.**  
TI's Corruption  
Perceptions Index  
measures and World  
Bank's Control of  
Corruption measures  
for Malaysia since 2004

Malaysia was only 4.8 out of 10 and improved slightly between 2012 and 2020 to just 5.1 out of 10. Malaysia's global ranking on the CPI index fell from a yearly average of 49 to 55. In 2021 the CPI score and rank fell to 48 out of 100 and to 62 respectively. The World Bank scores for the Control of Corruption in the range of -2.5 to +2.5 as a yearly average improved slightly from 0.12 during 2004-2011, to 0.24 during 2012-2019, as did the percentile rank during those periods. The scores and percentile rank altered little in 2020.

The fall in the CPI score and rank in 2021 is particularly noticeable and reflects a perception that corruption has increased as more information has become available about the 1Malaysia Development Berhad (1MDB) scandal and other recent major corruption scandals. Overall, the TI and World Bank measures indicate that Malaysia whilst not amongst the most corrupt countries in the world still suffers from widespread corruption, creating a situation where much improvement is needed.

Useful information on private sector corruption in Malaysia is also provided by the bi-annual PwC surveys. In 2013, 19 per cent of the firms experienced bribery during the previous two years, 30 per cent in 2015, and 35 per cent in 2017 and 2019. Moreover, in 2015, 6 per cent of firms reported being asked to pay a bribe during 2013-2014. In 2017, this increased to 11 per cent and in 2019, to 25 per cent. In addition, in 2017, 11 per cent of firms reported losing business opportunities because their competitors paid a bribe. This had risen to 30 per cent in 2019 (PwC, 2018, pp. 6, 15; 2020, p. 8).

The extent of corruption can also be gauged from recent corruption scandals. Examples include the Port Klang Authority concerning the Free Zone project, the Islamic Pilgrims Fund Board (*Tabung Haji*), the Sabah Water Department, the Federal Land Development Authority (FELDA), the State Government of Penang regarding the construction of the Penang undersea tunnel, and most seriously the 1MDB. These scandals have involved bribery, embezzlement, money-laundering, fraudulent transactions and extensive cronyism, often amounting to billions of ringgit, that have benefited political leaders, senior administrators, and their business associates (Jones, 2018, p. 41; Jones, 2020, pp. 59-72; Siddiquee and Zafarullah, 2020, pp. 6-8, 10).

### **Anti-corruption measures and agencies**

Although corruption has continued to be widespread in Malaysia, efforts have been made to develop policies, legal measures and institutional structures to combat corruption.

#### *Anti-corruption laws and agencies*

The main instrument to combat corruption in Malaysia is the Malaysian Anti-Corruption Commission Act, 2009 (MACCA), which specifies a range of corruption offences. They cover any public official who demands, is offered or receives a bribe (or a gratification) in return for a favour to the bribe provider. Also included is the failure to report bribery or the intention to commit bribery. The MACCA extends such offences to dealings between private sector organisations. The gratifications include not only cash but also gifts, shares, bonds, and property (Dahlan and Hamizan, 2018, pp. 218-224).

The MACCA was amended in 2018 to include a new Section 17A, which stipulates that a commercial organisation is considered to have committed a corruption offence if any person associated with it corruptly "gives, agrees to give, promises or offers to any person any gratification to obtain or retain business or advantage for the organisation". Significantly the company as a whole, including shareholders, boards of directors and management, though not directly involved, may be held responsible for an offence so committed (Dahlan and Hamizan, 2018, pp. 228-229).

The MACCA is supplemented by the Penal Code, which covers bribery and gratification (Sections 163-165), embezzlement (Section 378), and fraudulent dealings (Sections 415-424).

Also the Witness Protection Act of 2009 and the Whistle-blower Act of 2010 encourage disclosures of information relating to possible corruption and provides protection to those who report such evidence (Dahlan and Hamizan, 2018, pp. 221, 229-230). In addition, the Anti-Money Laundering and Anti-Terrorism Financing Act, 2001 prohibits any organisation or individual from transferring, receiving or managing monies and assets unlawfully acquired. It also requires such individuals and organisations “to take reasonable steps” to ascertain whether the monies and assets have been unlawfully acquired (Dahlan and Hamizan, 2018, pp. 225-228). Another important anti-corruption measure is the Competition Act, 2010 (Sections 4, 24, 33), which prohibits bid-rigging or collusion designed to limit or eliminate competition in public and private sector tenders, and the concealment and withholding of information relating to bid-rigging (Safinaz, 2012, pp. 80-81; Malaysia Competition Commission, 2020, pp. 4, 24, 28, 31, 45-46).

The responsibility for implementing the above anti-corruption measures (except the Competition Act) lies chiefly with the MACC, set up in 2009 under the MACCA, and the Attorney General’s Chambers (AGC), assisted in certain cases by the Malaysian Police Force. The MACC’s role is to investigate reports of suspected corruption. The MACC may subsequently undertake a prosecution but only with the permission of the public prosecutor in the AGC, who reviews the case before granting permission. If permission is granted, the investigation papers are forwarded to the MACC’s Legal and Prosecution Division. Its brief is to assemble the evidence, and, if there are sufficient grounds, it will undertake a prosecution. Many corruption cases are heard in the Special Anti-Corruption Courts set up in 2011 mainly to expedite the prosecution process.

The application of the Competition Act is the responsibility of the Competition Commission established under the Competition Commission Act, 2010. It has power to investigate suspected bid-rigging, and of its own accord, can impose fines on those companies involved in bid-rigging.

#### *Corruption prevention and promotion of integrity*

In 2004, the National Integrity Plan was introduced by Badawi shortly after he became prime minister, to broaden the efforts to combat corruption by emphasising personal and organisational ethical responsibility and to tackle social norms and organisational values which encouraged corrupt practices. There was also a commitment to prevent corruption by eradicating opportunities and incentives for engaging in corruption within public and private sector organisations (Saidan and Haron, 2017, p. 56).

A key agency in this endeavour is the Malaysian Institute of Integrity (MII), which was set up in 2004. Its remit is to combat corruption through preventive action by means of education and training within the public and private sectors. Its work under the Ethics and Integrity Training Programme is conducted through seminars, workshops, roundtable discussions and consultations. The themes cover the need to stamp out corruption in an organisation, explaining the obligations of the public and private sectors in combating corruption under the MACCA, and explaining how evidence of corruption can be identified, and should be dealt with and reported. The themes also cover those areas of an organisation which entail a high risk of a corrupt practice, and the procedures to adopt in order to minimise this risk. The MII reaches out to the individual employee, and stresses his or her ethical responsibilities in relation to bribery, embezzlement, fraud and cronyism. It also promotes in its seminars and workshops, organisational frameworks, known as Organisational Anti-Corruption Plans. These plans identify specific corruption risks within an organisation, and the system to be implemented to prevent and report corrupt actions. In addition, organisations are expected to assess their own measures to combat corruption, known as the Integrity Assessment Tool (MII, 2021a).

The MACC, like the MII, also gives priority to preventing corruption in public and private sector organisations. This includes advising them on identifying and closing loopholes which provide inducements and opportunities to engage in corruption. Furthermore, the MACC coordinates the Integrity Units (see below) set up in public agencies at the Federal and State levels. Linked to this are regular meetings between the MACC, and chief integrity officers (CIOs), who are the heads of Integrity Units as explained below. In these meetings, CIOs may raise corruption issues in particular agencies. Based on this feedback, the MACC is responsible for the rating of public agencies with respect to corruption risks, which shapes the anti-corruption plans recommended for public agencies (MACC, 2021a). Alongside the MII, the MACC also conducts anti-corruption educational programmes, and consequently, leaders and staff of many organisations have signed a Corruption-Free Pledge or *Ikrar Bebas Rasuah* (IBR) (MACC, 2021b).

#### *Internal anti-corruption controls*

For many years, responsibility was given to public agencies to administer anti-corruption measures in relation to enforcement and prevention. In 2008, a decision was taken to appoint in each ministry and other public agencies, a CIO as mentioned above, to be certified by the MACC. The CIO could be drawn from the MACC or from the ministry or public agency itself. In 2013, Integrity Units were established in ministries, departments, and other public agencies at both Federal and the State levels, headed by the CIO, as noted above, assisted by Integrity Officers. The role of the CIO and Integrity Units is to receive complaints from the public and other agencies, including whistle-blowers, and if there is an indication of a corrupt practice, to refer the matter to the MACC. It is also within the brief of the CIO and the Integrity Unit to identify possible corrupt practices regardless of a complaint and likewise to report them to the MACC. A further requirement is to review the entire agency based on the corruption risk rating of the MACC and to put in place the necessary preventive measures as stipulated by the Commission. Every four months, the CIO is required to submit a report to the Agency Integrity Management Division of the MACC, and as already mentioned, to meet its top officials to raise matters of concern relating to corruption. Matters of particular importance are referred to the MACC's chief commissioner and the head of the civil service (chief secretary to the government) (Sajari *et al.*, 2016, pp. 137-139; Saidan and Haron, 2017, pp. 57-58; MACC, 2022a).

Alongside the Integrity Unit, in 2014 another integrity entity was formed in ministries, statutory authorities and other public agencies known as the Integrity and Governance Committee (*Jawatankuasa Integriti dan Tadbir Urus* or JITU), at the instigation of the Prime Minister's Department. Its role is to provide an overall assessment of the measures and performance of an organisation in dealing with corruption and to advise the Integrity Unit if improvements are needed (Saidan and Haron, 2017, pp. 56, 58, 62).

It was decided in 2017 by the government to apply similar internal integrity controls in the Government-Linked Companies (GLCs). The new *Pakatan Harapan* Government in 2018 made it a priority of the GLCs to create Integrity and Governance Units (IGUs) to perform similar roles as the Integrity Units and JITU mentioned above. The IGU is headed by the chief integrity and governance officer whose status is equivalent to the head of Internal Audit, and is subject to the supervision and guidance of the MACC (MACC, 2019).

#### *Plans and strategies to combat corruption*

Since 2004, various plans and strategies have been announced to guide anti-corruption policy and ensure proper implementation of the various anti-corruption measures. The first step was the National Integrity Plan. This was followed by two Government Transformation Programmes (GTPs). The first (GTP 1.0) announced in 2010 by Prime Minister Najib,

contained several priority areas for spurring economic and social development in Malaysia and improving its governance. The GTP required ministries to specify National Key Results Areas (NKRAs) relating to each priority area and to set targets and monitor progress in reaching them. One of the NKRAs is fighting corruption requiring ministries to set targets in reducing corruption and identify the steps taken to combat corruption (Prime Minister's Department, 2017, pp. 14, 54-59; Siddiquee, 2014, pp. 15, 17, 21).

Given that the results of the GTP relating to corruption were at most modest and well below expectations, the new government in 2018 saw the need for further initiatives to tackle corruption. The upshot of this is another anti-corruption programme known as the National Anti-Corruption Plan (NACP), 2019-2023. The priorities were specifically set out, viz. to deal with continuing corruption in the political system, public sector administration, public procurement, law enforcement, judicial administration and corporate governance.

To flesh out the NACP's priorities and ensure the effective implementation of resultant initiatives, the National Centre for Governance, Integrity and Anti-Corruption (*Governans, Integriti dan Anti-Rasuah Centre* or GIACC) was formed in 2018. It is guided by the Special Cabinet Committee for Anti-Corruption, which reports directly to the prime minister. The main enforcement agency continues to be the MACC. So far the NACP has listed a total of 115 initiatives to fight corruption over the next five years (GIACC, 2019, pp. 32, 35-53, 65).

## **The reasons for the persistence of corruption in Malaysia**

### *Weak enforcement*

The on-going prevalence of corruption is in part related to weak enforcement. One of the failings is the low number of convictions for corruption relative to arrests with only 28 per cent of those arrested eventually prosecuted and convicted (MACC, 2022b; 2022c). A second weakness is the light sentencing of those convicted. This was pointed out in the NACP, 2019-2023 in a section titled "Light punishment of offenders". It pointed out that the MACCA "does not set a minimum number of days for imprisonment" in contrast to the previous Anti-Corruption Act, 1997. In its view, "this can be interpreted as such that offenders do not have to serve minimum jail time. Consequently, this makes the Act 694 insensible and hence is outdated and needs to be amended" (GIACC, 2019, p. 5). In 2021, 55 per cent of convictions led only to a fine, and among those cases where a prison term was imposed, the term was often seven days or less with quite a number just one day (MACC, 2022b).

A third weakness is the preponderance of arrests and convictions related to minor offences with very few involving major offences committed by senior figures in politics and the corporate sector. Between 2016 and 2021, only 2.4 per cent of public officials who were arrested were classified as "top management", while in 2021, only 9 per cent of those convicted could be classified as senior level personnel in Federal and State departments and statutory authorities, and senior or general managers of large companies (MACC, 2022b; 2022c). This reflects the influence of money politics discussed below.

### *Politics-business nexus and the issue of money politics*

A key factor to explain the persistence of corruption in Malaysia and a failure to properly implement anti-corruption measures has been the close links between, on the one hand leaders in the BN, especially UMNO, as well as individual Members of Parliament (MPs), and on the other hand, big business – referring to the politics-business nexus or money politics. This factor has pervaded Malaysian political and business culture, and is closely associated with grand corruption in the country.

Money politics is evident in different ways. At its heart, is the granting of favours to those companies closely linked to the political elite, including high value procurements and

infrastructure projects, often without a competitive tender. As GAN Integrity (2020) reported, “In fact, political connections continue to be one of the main criteria in the awarding of important infrastructure projects and state contracts. The Malaysian government has passed procurement reforms to stamp out corruption but the awarding of major infrastructure and public works contracts, is often done without competitive bidding or open tenders.” Similar preferences have also been shown in the award of logging concessions, the granting of trading and import licences, the receipt of business subsidies, grants and low interest loans, tax allowances and the purchase of property (GAN Integrity, 2020). Other favours include positional patronage such as appointment to executive or advisory board positions in state enterprises including statutory authorities, GLCs, government investment and financial institutions, and State Development Corporations (Tan, 2014, p. 203; Asia Sentinel, 2021). These appointments continue despite the recent changes of government.

In return for these benefits, businesses have provided financial support to UMNO and other parties in the BN (in effect, politically-based bribery). Of particular importance is the funding of BN parties and their election candidates to enhance their prospects either in a general election or a by-election. Election campaigns are expensive and even more so, when a party in government offers handouts to voters just prior to an election (vote buying) in order to entice them to vote for its candidate. This has been a frequent practice especially in poor rural areas (Azmi and Zainudin, 2021, pp. 594, 597-602). Much of this has been made possible as a result of poorly drafted funding rules for elections and their weak enforcement (Gomez, 2012, pp. 1377-1381, 1396-1397; Azmi and Zainudin, 2021, pp. 597-599).

Support is frequently offered by businesses to UMNO politicians vying for key party posts in internal elections in the party. A feature of the party is its factionalism and members from different factions competing against each other in party elections. To secure election and promotion in the party hierarchy, the support of business people at the divisional level of the party is vital, including not only votes but also donations to finance internal election campaigns. Indeed, Gomez (2012, p. 1387) has contended that in UMNO “business people are gaining a stranglehold on party positions at grassroots level, while they dominate delegates at the general assembly”. Again as a *quid pro quo*, the favours listed above are promised to business firms offering support (Gomez, 2012, pp. 1384-1388; Tan, 2014, pp. 204-205, 208-209).

Money politics in Malaysia has been spurred by the increased ownership of companies both by UMNO and individual politicians. In Malaysia, a political party is allowed to have an equity stake in a company and may in fact exclusively own it. UMNO has been particularly prominent in this regard (Gomez, 2012, pp. 1382-1383, 1387-1388). The UMNO stake in a company is often held by nominees who act as trustees. This is sometimes not transparent as it entails a holding company or companies (Gomez, 2012, p. 1385; Tan, 2014, pp. 201, 204; Asia Sentinel, 2015). Over the years UMNO widened its portfolio from initially media companies to 23 major companies in different sectors listed on the Kuala Lumpur bourse. Funds from these companies may be channelled to UMNO, other BN parties and individual politicians, to serve their election purposes (Gomez, 2012, pp. 1382-1383, pp. 1387-1388). Such companies are well placed to secure special favours such as major infrastructure projects, pharmaceutical procurements and other high value contracts. Several large projects have been awarded in recent years to UMNO-linked companies (*Asia Sentinel*, 2015).

Money politics has also affected GLCs, because often their chairperson, board members and CEOs are political appointees. Consequently, GLCs too are a source of funds to serve the election purposes of UMNO and other BN parties. In return, they secure special favours such as infrastructure projects to the detriment of private sector companies with a better performance and greater expertise (Gomez, 2012, p. 1395).

But, of course bribes received by senior political figures from businesses in return for special favours may be based also on their desire for personal enrichment. Often the money given may run into millions of ringgits. Personal bribes from businesses are not limited to

UMNO and its allies, but extend to other parties too. Currently subject to a trial is the alleged receipt of two bribes by the former chief minister of Penang, Lim Guan Eng (one amounting to over RM3 million) in helping a construction company secure the RM6 million project of building an undersea tunnel linking Penang to the mainland of West Malaysia and a road building project linked to the tunnel. Lim's trial is on-going and it remains to be seen if it results in a conviction (Jones, 2018, p. 41).

A further aspect of money politics is the embezzlement and laundering of funds from enterprises which are linked to, and controlled by parties and politicians. Several corruption scandals mentioned above involved embezzlement and money-laundering on a large scale. In the biggest scandal, the 1MDB corruption case, Prime Minister Najib Razak together with his business associates appropriated more than RM40 billion through embezzlement, money-laundering and fraud (Jones, 2020, pp. 59-72; Siddiquee and Zafarullah, 2020, pp. 6-8, 10).

According to Azmi and Zainudin (2021, p. 603) based on their interviews with politicians and corporate leaders, the continued prevalence of the culture of money politics may be attributed in part to the tendency in Malaysia "to tolerate politicians who make money by pocketing public funds" and that so long as the projects ostensibly for the public good are implemented, "handing out and receiving money (by politicians) is something tolerable and acceptable by the Malaysian society". In other words, in their view, social values have persisted because of tolerance of corrupt practices which "appear to be ingrained within the Malaysian society" (Azmi and Zainudin, 2021, p. 603).

#### *Political interference in the investigation and prosecution of corruption cases*

Money politics has also enabled political leaders to interfere by stifling investigations and prosecutions to hinder the work of watchdog and enforcement agencies such as the Auditor-General's Department, Public Accounts Committee in *Dewan Rakyat*, the AGC, and the MACC (Siddiquee and Zafarullah, 2020, pp. 11-13). The control may be outside the legal remit of political leaders and thus may be wielded informally and covertly. This feature was pointed out in the NACP, 2019-2023 (GIACC, 2019, p. 5).

The 1MDB scandal provides prime examples of this. In 2016, the Auditor-General produced a highly critical report highlighting irregularities in the 1MDB. However, the investigation team was hampered by lack of cooperation from senior political figures and bureaucrats including not being allowed to see several important documents and denied access to computers and servers of the 1MDB. The sections of the report containing damaging evidence against Najib and his business associate, Jho Low, were later removed. Moreover, the report was classified under the Official Secrets Act, which greatly restricted those who could read it (Jones, 2020, pp. 62-66).

Moreover, a special task force was set up in 2015 to ostensibly uncover evidence of corruption in the 1MDB, but the key figures in it were soon side-lined or dismissed when they started to reveal incriminating evidence, implicating Najib himself. The task force was soon after disbanded (Jones, 2020, p. 66). Furthermore, the MACC stated in 2017 that it would no longer pursue allegations against the 1MDB, reportedly owing to political pressure (Jones, 2020, p. 66).

#### *Limited impact of anti-corruption measures and bodies*

Despite the anti-corruption measures and agencies mentioned above, their practical impact in reducing corruption has been limited. Thus the NIP and GTP 1 and 2, which contained ambitious objectives to reduce corruption, did not gain traction by the lack of the political will and determined action to achieve those objectives. This was highlighted in the NACP, 2019-2023 (GIACC, 2019, pp. 2-6) and explains the continuation of corruption linked to money politics.

The agencies set up to tackle corruption have also had a questionable impact. The lead agency, the MACC, according to Siddiquee and Zafarullah (2020, p. 11), has had “at best a mixed record”. They point out its unwillingness to investigate when vested interests of the ruling elite are at stake, especially in high profile scandals. They also noted its lack of autonomy partly due to its accountability to the prime minister and inability to engage in a prosecution without the permission of the public prosecutor in the AGC (Siddiquee and Zafarullah, 2020, pp. 11-12). The lack of real independence of the MACC and political interference are also stressed in the NACP, 2019-2023 and considered to be among the “biggest obstacles” to dealing with high profile scandals (GIACC, 2019, pp. 5, 10). This was particularly evident during the 1MDB scandal as mentioned above.

The CIO and Integrity Units may also have had a mixed impact. A study by Sajari *et al.* (2019, pp. 54-57, 60-65) reported favourably on their performance which nonetheless depended on the “ethical climate” in the organisation including the influence of top management. The NACP 2019-2023 indicated that 80 per cent of the complaints received by the MACC from 2013 to 2018 about possible corruption referred to the avoidance of required procedures, lack of proper internal controls and conflicts of interest, all suggesting that organisational anti-corruption plans were inadequately developed, poorly monitored or not implemented at all. This further indicates that the work of CIOs and Integrity Units in prevention may not have been sufficiently far reaching and rigorous (GIACC, 2019, p. 34).

As for the anti-corruption training by the MII, its effectiveness is hard to measure. Certainly, it has played a role in promoting the anti-corruption message. In 2022, it has scheduled 23 training programmes. However, from examining their content in 2020, there is a limited focus on dealing with grand corruption, especially on how to identify complicated and concealed transactions through the complex webs of intermediaries, ghost companies and banks (MII, 2021b, pp. 55-78; MII, 2022).

### **Failures of the leadership of Badawi and Najib**

Both Badawi and Najib failed to deal with corruption but for different reasons. Badawi had good intentions of reducing corruption through his National Integrity Plan and MII initiatives. However, he operated from a relatively weak position in UMNO. Many of his advisers were reform-minded intellectuals. Their anti-corruption proposals and other reforms met with resistance from the UMNO party elite, well entrenched in the Malaysian political and social hierarchy. Without the necessary power base in UMNO, Badawi could not overcome this resistance. Moreover, Badawi adopted a consultative and accommodative style of leadership, instead of a single-minded determination to oppose the powerful conservative elite in UMNO. The result was an inability to ensure the proper implementation of his anti-corruption measures (Pandian *et al.*, 2009, pp. 100-103; Ismail and Hamid, 2013, pp. 80-88, 91-93).

In contrast to Badawi, Najib had a strong power base among the UMNO elite, which was extended through patronage and a willingness to turn a blind eye to their own corruption. The support for Najib was reinforced by his ability to harness electoral support for UMNO in the rural areas. Again in contrast to Badawi, he exercised a dominant style of leadership in which he would not tolerate dissent within his party and the BN, or any independent action against him by the enforcement agencies. Given his power base and leadership style, he was able to frustrate investigations into corruption, control top-level appointments for his own purposes, and engage in bribery, embezzlement and fraud on a grand scale, especially evident in the 1MDB scandal (Siddiquee and Zafarullah, 2020, pp. 12-14). This was facilitated by his close connections with high-level business through various members of his family and a core of powerful political allies and business cronies who owned or had a stake in multiple major companies both in Malaysia and overseas (Investor.com, 2018). Najib thus personified the culture of money politics in Malaysia, and reflected the absence of a genuine political will to stamp out corruption.

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### Role of civil society organisations in combating corruption

Many civil society organisations (CSOs) were established in recent years to expose corruption at the highest levels in Malaysia, and to highlight weak enforcement as a result of political interference, and crony associations between political and business leaders. In their view, these weaknesses have prevented effective action being taken to secure convictions of those responsible who occupy senior political, administrative and business positions. They have been active in bringing to light these shortcomings in the local and international press and in social media and in gathering evidence to facilitate investigations. Their work has also entailed promoting integrity and stressing the need to fight corruption in the local community, businesses, and business associations. While the CSOs have found that previous governments of the BN were hostile to them and sought to restrict their work, they have enjoyed more freedom to campaign against corruption after the 2018 election. Foremost among these CSOs are the Business Integrity Alliance (BIA), Centre to Combat Corruption and Cronyism (C4), Coalition for Business Integrity (CBI), Malaysian Anti-Corruption Foundation, and Sinar Project (SP) through its *Politikus* programme. The last named has been particularly active in exposing politicians, administrators and their business associates who may be linked to corrupt dealings. Its intention is “to track the positions and involvement of these people and organizations to various issues related to corruption and mismanagement” (Sinar Project, 2021).

### Recent changes of government and the fight against corruption

When the UMNO and its BN partners lost the general election in May 2018, and were replaced by *Pakatan Harapan*, a coalition of several parties with Mahathir Mohamad as prime minister, there were high hopes of a renewed and genuine commitment to stamping out corruption. One promising initiative after the change of government was the requirement for parliamentarians, government leaders and business executives to publicly declare their assets (Hamid and Govindasamy, 2020, pp. 334-336).

However, there followed a period of instability and confusion with two changes of prime minister and several MPs switching allegiances. Since 2020, the government consists of an alliance of *Perikatan Nasional* (a coalition of small parties) and the BN (now the main component of the government). The current prime minister, appointed in August 2021, is Ismail Sabri, who is also the vice-president of UMNO. His government consists of 13 BN ministers and 15 BN deputy ministers. Many are leading figures in UMNO and formerly associated with the Najib government. This development may not bode well for enhancing the fight against grand corruption in the foreseeable future given their past record of being complicit in or ignoring corruption (Ratcliffe, 2021). A few weeks following the appointment of the current government, the MACC, supported by Ismail Sabri, dropped a serious corruption case against a key minister Datuk Seri Rina Harun, who was also a member of UMNO. The abandonment of the case was supported by Ismail Sabir (Idris, 2021).

### Lessons to be learnt

Five lessons can be learnt to improve the anti-corruption efforts in Malaysia. The first is the need for tougher sentencing guidelines and more frequent passing of a prison sentence in corruption convictions. This may require amendments to the MACCA and Penal Code.

Secondly, it is important that asset disclosures should be detailed, and not generalised as at present, and be subject to independent verification. They should also be extended to assets held by nominees and trusts and to holdings in overseas financial institutions. This may necessitate an asset disclosure law.

Thirdly, as a step towards reducing money politics, restricting the ownership of companies by political parties (UMNO) may be necessary.

Fourthly, to enhance transparency and fairness in high value procurement and infrastructure projects and in resource concessions, open tendering should be more actively promoted and awards through direct appointment (often to cronies) strictly prohibited except in clearly defined emergency situations. In addition, the criteria for awards should be openly spelt out and the reasons for the selection of a company for a government contract should be publicised.

Fifthly, ghost companies should be scrutinised and prohibited if necessary and banks required to exercise more thorough due diligence on suspiciously large deposits and withdrawals in order to stem money-laundering from corrupt activities. Another recommendation is the vetting and limitation of the appointment of board members of GLCs and advisory boards of state investment enterprises, who are senior political figures or affiliated to political parties.

Singapore's experience in effectively combating corruption may provide pointers to how Malaysia can improve its own efforts to combat corruption. This includes, amongst other things, extensive investigation of and tough sentences for corrupt activities, public naming and shaming of those charged with corruption offences, safeguards against ghost companies used for money-laundering (recently introduced), and comprehensive guidelines for banks in identifying money-laundering, underpinned by a strong political will to combat corruption. A further barrier to corruption involving money politics in Singapore are several measures that regulate elections and political donations. Of particular importance are the prohibitions on the bribing of voters under Section 60 of *Parliamentary Elections Act* (Revised Edition), and under the Third Schedule of the same Act, strict limits on expenditure undertaken by candidates according to the number of registered electors in a constituency (Law Revision Commission, 2020, pp. 116-121, 195).

### Conclusion

Despite the range of measures and agencies introduced to combat corruption in Malaysia in recent years, corruption continues to be prevalent. A key factor has been the deeply entrenched practices of money politics which link political parties and individual politicians to the business sector for their mutual benefit. These practices are deeply ingrained in the political and business culture of the country, and have entailed favouritism, cronyism, bribery, embezzlement and fraud. Such practices have continued partly as a result of the tolerance of corruption over the years in Malaysian society. Reinforcing the political and business culture based on money politics has been the political leadership in Malaysia which has promoted this culture, and interfered with efforts by anti-corruption bodies to root out corruption. This was particularly evident during Najib's tenure as prime minister when he used his dominant leadership style to intensify corruption at the highest levels.

Consequently, the set of anti-corruption measures, in the words of the NACP, 2019-2023, "was not followed through in its implementation" (GIACC, 2019, Executive Summary). This failure according to the NACP, "is mainly due to [the] lack of political will as the main factor hindering the initiatives planned back then in addressing issues of corruption" (GIACC, 2019, p. 5). Thus, despite repeated undertakings to address the problem of corruption by senior political figures, the lack of political will to deal with corruption has rendered them no more than nominal commitments. It remains to be seen whether the new political landscape in Malaysia will lead to real progress in combating high level corruption, but serious doubts remain whether such progress can be achieved.

Future research could focus on how the recent changes in the politics of Malaysia and the possibilities that UMNO, though still remaining powerful, may not regain its previous dominance, may strengthen (or even weaken) the fight against corruption. A key question is whether the political changes will have any measurable impact on money politics and the ties between the political elite and business. Also with more leeway now given to the CSOs, their impact in exposing and in lobbying against corruption could be explored.

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# Historical corruption in a ‘non-corrupt’ society: Aotearoa New Zealand

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## Abstract

**Purpose** – The purpose of this paper is to reconsider, from a historical perspective, New Zealand’s reputation as a country largely without corruption, with particular reference to the colonial government’s confiscation of Māori land in the 19<sup>th</sup> century and beyond.

**Design/methodology/approach** – This paper is based on published historical commentary.

**Findings** – The findings are that much of the Māori land confiscation was rendered legal for illegitimate purposes, and that the colonial and successive New Zealand governments abrogated the country’s foundational document, the Treaty of Waitangi, signed between the colonial government and many Māori chiefs in 1840. Adverse consequences for Māori have been felt to this day, despite the Treaty settlements process that began with the Māori renaissance in the mid-1970s.

**Originality/value** – The academic analysis of corruption in New Zealand has seldom if ever adopted this historical perspective.

**Keywords** Māori, Pakehā, Land confiscation, Corruption, Egalitarianism, Inequality

**Paper type** Research paper

*Mā te wahine, mā te whenua, ka ngaro te tangata. [By women and land do men perish.]- Māori whakatauki [proverb].*

## Introduction

Corruption is generally defined as “the misuse of public power for private gain” (Rose-Ackerman, 1999, p. 91). The most commonly identified forms, according to the United Nations Convention Against Corruption (UNCAC), are bribery, embezzlement, money laundering, concealment, and obstruction of justice. More specifically, these broad terms can include the seeking and acceptance of secret commissions by public officials, fraud, undeclared conflicts of interest, election tampering, and nepotism. These forms of corruption are gauged by Transparency International’s Corruption Perceptions Index (CPI), which since its inception in 1995 has consistently ranked New Zealand at or near the top of its league table.



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The authors thank Kristen Maynard (Rongowhakaata, Ngāti Porou, Ngāti Kahungunu, Ruapani) BA LLB (Otago) for her review of this article. They are also grateful to the two peer-reviewers and Professor Jon Quah for their valuable comments on an earlier version of the article. All responsibility rests with the authors.

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The authors have elsewhere identified what they consider to be the reasons for the relative absence of governmental corruption in New Zealand, compared to many other countries (Gregory and Zirker, 2013; Gregory and Zirker, 2017; Zirker, 2017).

This current article sits within this conventional framework, particularly with its references to a former 19<sup>th</sup> century premier, Frederick Whitaker, and a 20<sup>th</sup> century prime minister, Keith Holyoake, to the end of patronage in bureaucratic appointments, and to current events surrounding the funding of political parties. However, it seeks to raise for future scholarly examination the proposition that New Zealand's high status on the CPI occludes an historical form of governmental behaviour that can arguably be seen as corrupt, namely, the confiscation of vast tracts of Māori land (*whenua*) by the colonial and successive governments, in breach of the Treaty of Waitangi that was signed by the Crown and by many Māori *rangatira* (chiefs) in February 1840.

This article puts this proposition "on the table", *prima facie*, in broad outline. It is not possible here, given the space available, to examine in detail a complex matter of historical conflict, which lies at the heart of New Zealand's political and democratic development. Implicit in our argument is the central question: does legalised governmental action become corrupt when those actions – in this case, the alienation of Māori land – are largely based on lies and deceit, or should it instead be understood as just a form of realpolitik? Implicit too is our own answer to this question, a response proffered in a spirit of understanding as much as condemnation. Our concern is that historical perspectives, especially those of Māori, are not embraced within the CPI. Moreover, we are acutely conscious of the fact that we as non-Māori cannot speak for Māori, many of whom may say that our view is too radical while others may say that it is not radical enough.

### Whose egalitarianism?

New Zealand's egalitarian political and social culture began to emerge in the late 19<sup>th</sup> century, under the Liberal governments of John Ballance and Richard Seddon, before gaining great impetus from the first Labour Government's (1935-1949) establishment of a mixed economy welfare state out of the wreckage of the Great Depression (Sinclair, 2000). The Pākehā settlers – i.e., Europeans – especially the many from Presbyterian Scotland, brought with them a strong Calvinist ethos. Values of thrift, hard work, and social cohesion were central to the country's development as "God's Own Country", with an export economy based on primary industry that served British consumers. New Zealand was seen as Britain's large South Pacific farm, distinctly non-feudal, where Jack was always thought to be as "good as his master", and anyone who was seen to rise "above their station" in life was quickly put back in their place by those around them.

Moreover, as an island nation New Zealand was largely "quarantined" from corrupt international influences. Social "respectability" was highly valued in such a small society, most people being wary about engaging in any form of behaviour which, if exposed to public scrutiny, would result in a loss of individual or family reputation. From raucous, drunken and violent beginnings in the early years of the 19<sup>th</sup> century, as whalers and sealers engaged with Māori communities in the north of the country, New Zealand later emerged as straight-laced, with virtually no organised crime built around prostitution, gambling, or boot-legging. Even low-level tipping was seldom seen as socially acceptable in New Zealand, and the police have been among the most corruption-free constabularies in the world.

Soon after World War II, Leslie Lipson published a strongly influential treatise on New Zealand society. Lipson was an Englishman who became in 1939 New Zealand's first professor of political science. He later gained American citizenship and was a professor for decades at the University of California Berkeley. In his 1948 book, *The Politics of Equality: New Zealand's Adventures in Democracy*, Lipson thematised what he saw as the country's committed egalitarian ethos. He carefully identified both the positive and negative effects of

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“equalitarianism” on the New Zealand national character and political culture, but his overall tenor was approving. In his words:

. . . New Zealand has a genuine passion for social justice. . . Poverty is well nigh eradicated from the Dominion and in its worst forms does not exist at all. There is no underdog, nor is anybody exploited – unless it be the housewife and mother. New Zealanders insist that the essential minima for civilized living be guaranteed to all and shared around, that everyone be given an equal chance, and that the aged and the weak be cared for (Lipson, 1948, pp. 488-489).

Lipson strongly implied a direct connection between the country’s egalitarianism and the absence of corruption in the bureaucratic hallways of New Zealand’s government. He remarked upon “the generally high standard of personal integrity prevailing among its civil servants” and observed in the New Zealand civil service “a commendable absence of graft and a strict code of honesty”. He attributed this to job security, strict accounting and audit requirements, and an “inner check” reflecting public servants’ “professional devotion to the ideal of the public interest” (Lipson, 1948, p. 479).

Lipson argued that the state in New Zealand was not an entity that most New Zealanders felt as some external force, but was regarded rather as the people themselves in action, nation-building in pragmatic rather than ideological ways, and only too ready and willing to develop national infrastructure in the absence of commercial competition. As he put it, “The people, or at any rate most of them, look upon the state quite healthily as being themselves under another form. When it acts, they feel that they are acting. What it owns, they own. . . To them it is simply a utilitarian instrument for effecting their will” (Lipson, 1948, pp. 481-482). The key words are “or at any rate most of them”, because many Māori – who at that time constituted just 6.5 per cent of the population – did not share this view. Rather, they would have seen the state as a foreign entity representing the interests of an untrustworthy Pākehā elite, as they knew that much of what the state owned had been stolen from them. To these Māori the state was a utilitarian instrument pursuing colonial settlement *against* their will.

### **An alternative view: the oppression of Māori – another form of corruption**

Lipson observed the relative absence of women from top positions in the New Zealand public service, while claiming that the service “forms a large cross-section of the community” (Lipson, 1948, pp. 478-479). He did not see fit to record the total absence of Māori from this cross-section, for his treatise reflects the dominant mono-cultural Pākehā interpretation of life in New Zealand. While being sympathetic to Māori, Lipson opined that, “Race equality for the Māori people has . . . become a cardinal principle in this Dominion, formalized into constitutional law and proclaimed in the perorations of political spokesmen”. In his view, “New Zealand [was] relatively free from race friction” (Lipson, 1948, pp. 3-4). At the time Lipson wrote there was little overt racial conflict, largely because most Māori lived in rural New Zealand. However, their migration to the cities and towns gained momentum in the 1950s and 1960s, often giving rise to racial tensions.

The reasons for this change are not far to seek. At the heart of the matter are continuing misunderstandings and corrective actions involving the 1840 Treaty of Waitangi, still the formative founding national document despite its relative absence in New Zealand’s anti-corruption narrative. The Treaty was written in both English and *te reo* Māori (the Māori language), with the Māori translation (*Te Tiriti o Waitangi*) signed by 40 *rangatira* at the initial signing ceremony at Waitangi, in the far north of the new country, on 6 February 1840. Copies of the Treaty were later signed that year in various parts of the country by about 540 *rangatira*. Only 39 signed the English copy, however. This version translated the Māori concept of *rangatiratanga* (loosely chieftainship) as if it were the “National Sovereignty” referred to in the English version, a concept foreign to the myriad of small political units in

Māoridom at that time. The Lieutenant-Governor of the colony, William Hobson, who signed on behalf of the Crown, quickly claimed British sovereignty over all people in New Zealand, a claim hastily ratified in October 1840 by the British government.

The Treaty has in recent decades been the subject of continuing legal, constitutional, and political interpretation, mainly because of its bi-lingual expression. Nevertheless, it has become widely agreed that it promoted a vision of shared authority between the Crown and Māori, and sought to protect the rights of Māori to their land, forests, fisheries and *taonga* (treasures) (Orange, 2020). It has increasingly come to be seen as a partnership between Māori and the Crown, and especially since the late 1980s the principles of the Treaty have become embedded in much of New Zealand's legislation, especially that pertaining to land and other natural resources.

In 1840, the total population of New Zealand was about 92,000 people, 98 per cent of whom were Māori, a fact that perhaps induced many Māori chiefs to sign the Treaty. Twenty years later settlers had come to outnumber Māori, a trend which continued until 2021 when those who identify as Māori constitute 17 per cent of the total population. Today, for electoral, census, and treaty settlement purposes, a person is Māori if they claim Māori heritage (*whakapapa*), but the binary notion of Māori and non-Māori is now much more problematic than it was at the time of the signing of the Treaty, because of miscegenation, especially after the Māori urban migration. Nevertheless, most Māori *iwi* (loosely tribes) and *hapū* (loosely subtribes) have retained strong cultural identities, increasingly adopted by many urban Māori who had earlier lost active touch with their *whakapapa*.

Progressive British settlement of its new colony came at a huge cost to the indigenous population. No sooner had the Treaty been signed than it was largely ignored by the colonial government, which instead used it as a means of securing Māori land for the growing number of migrant settlers. According to Jackson (2020, pp. 144-145), "The colonisers' need to impose their laws and institutions on people who already had their own allowed no room for an honourable relationship with *iwi* and *hapū*. Instead, colonisation fomented injustice: a systemic privileging of the Crown and a relationship in which it assumed it would be the sole and supreme authority."

This betrayal and violation of the Treaty was in itself a form of state corruption, driven by the settler quest for land at the expense of Māori. It generated a Māori backlash. This resistance was led by Hōne Heke, a *rangatira* (chief) of the Ngāpuhi tribe in the far north of the country, and the leader of what became known as the Flagstaff War in 1845-1846. It was so named because Hōne Heke, who had been influenced by the American War of Independence, several times chopped down the colonial flagpole at the colonial town of Kororāreka (today known as Russell), across the bay from Waitangi, where the Treaty had been signed. He led a Māori force of about 600 warriors, attacking the town in March 1845, causing the 250 British soldiers and settlers to abandon it. Hōne Heke's rebellion was not, however, supported by other Māori leaders in the region, who chose to remain loyal to the Crown. The colonial governor, George Grey, though later reconciling with Hōne Heke, was convinced that the latter had no valid justification for his rebellion: "I cannot discover that the rebels have a single grievance to complain of which would in any degree extenuate their present conduct and . . . I believe that it arises from an irrational contempt of the powers of Great Britain" (quoted in Moon, 2001, p. 157).

Grey's attitude enabled the progressive appropriation by the Crown of Māori land over the succeeding 15 or so years, before he signed into law on 3 December 1863 the New Zealand Settlements Act (NZSA), which together with its concomitant Suppression of Rebellion Act (NZSRA) was not only designed to crush the incipient Māori rebellion, but allowed the government to confiscate land, without compensation, from any North Island tribe deemed to be "in rebellion against Her Majesty's authority". A similar scheme had been adopted by the British government in Ireland.

These moves had not been enthusiastically supported by the colonial office in London, and New Zealand's first chief justice, in office from 1841 to 1857, warned that they would create "a brooding sense of wrong" among Māori, which would be passed down from generation to generation. According to O'Malley (2018), land confiscation was "an integral part of the overall invasion plans", and that the sale of Māori land on the open market meant that Māori were effectively being required to underwrite the costs of their own suppression. The public good was equated with the prevailing interests of settlers.

The colonial government used the NZSA and the NZSRA to confiscate land not only from tribes that had fought against the Crown in the ensuing Land Wars of the mid-1860s in the Waikato and Taranaki regions of the North Island but also from tribes who had not been rebellious and who had actively supported the Crown (Belich, 1998). Vast tracts of land were taken by the Crown under the law, with deplorable consequences for Māori whose whole existence had for centuries been based on the land and its productivity. However, in his 500-page book Lipson mentions the Māori land issue just twice, and then only in passing, and speaking of Māori land being "purchased", and never referring to its confiscation. He also refers to the "Māori wars" just twice, and fails to elaborate as to why they were fought.

By the late 1850s the Māori King movement, *kingitanga*, had emerged among some central North Island *iwi*, intending to stop the alienation of Māori land. The movement was seen as a counterweight to the British Crown. Some of the main battles that took place during the subsequent Land Wars were between these two adversaries. Yet the King movement, although surviving strongly to this day, had only mixed success in pursuing its original purpose.

The NZSA made legal what had been illegal, but land confiscation remained as unjust as it had always been. The Crown's actions were arguably disingenuous at best, and duplicitous at worst. The more so because the New Zealand premier at the time the settlements act was signed into law was Frederick Whitaker, an Auckland businessman and land speculator who acquired a lot of land under the act and stood to make huge profits from his investment. Even in those times this would probably have been regarded as corrupt practice. And Whitaker – described by Lipson (1948, p. 42) as "a person of lax political ethics" – was not alone among government officials who benefitted personally from the land grab. Whitaker served a second term as premier, 1882-1883, resigning "because embarrassing publicity was given to his private financial speculation" (Lipson, 1948, p. 83).

Nearly two years after the NZSA was enacted, the Native Lands Act (NLA) came into force, enabling the conversion of customary communal landholdings by Māori to be split up into individual titles, thus facilitating increased purchase of Māori land for settlement. Only ten joint Māori owners per block were allowed, which meant that large blocks with many owners could be sold off more readily, as other owners were dispossessed.

After a further two years a Native Schools Act was passed, which saw schools set up in Māori communities, but which required all teaching to be done in the English language. In the meantime, the government had established a Native Department to deal with Māori issues, a department which, according to Lipson (1948, p. 411), Māori generally viewed with suspicion and reserve, disliking the term "Native", which implied that Māori were an inferior race.

A subsequent NLA of 1873 pressed individual ownership further: no title could be awarded to Māori *iwi* or *hapū*, as had been possible under the 1865 act. In the meantime, immigration proceeded apace, accompanied, especially from the late 1870s, by a massive governmental public works programme to develop national infrastructure. This saw a further decrease in Māori land holding, partly because under the Public Works Act of 1864 land for roads, railways and other purposes could be compulsorily acquired by the Crown, and not necessarily with compensation. Māori land was often acquired in preference to Pākehā land, and some roads were built circuitously through Māori reserves.

At the signing of the Treaty in 1840 Māori owned almost the entire North Island. They could not foresee that within several decades they would be a relatively small minority, and that by 1892 they would own just over a third of North Island land, with a quarter of these holdings being leased to Pākehā (Figure 1). From 1844 to the mid-1860s the Crown acquired about 80 per cent of Māori land in the South Island and Rakiura (Stewart Island) for about one penny per acre. This dealing was at the core of the Treaty settlement signed in 1997 between the Crown and the Ngāi Tahu *iwi*.

By 1877 the country's chief justice, Sir James Prendergast, had comfortably declared the Treaty to be "worthless" and a "simple nullity", a judgment that was to heavily influence decision-making on the Treaty for decades to come. Lipson (1948, p. 60) observed that well before the end of the 19<sup>th</sup> century, "Relations with the Māoris [sic]. . . became a matter of secondary importance to the white politicians. That burning issue of the sixties was extinguished to smouldering point in the seventies and eighties".

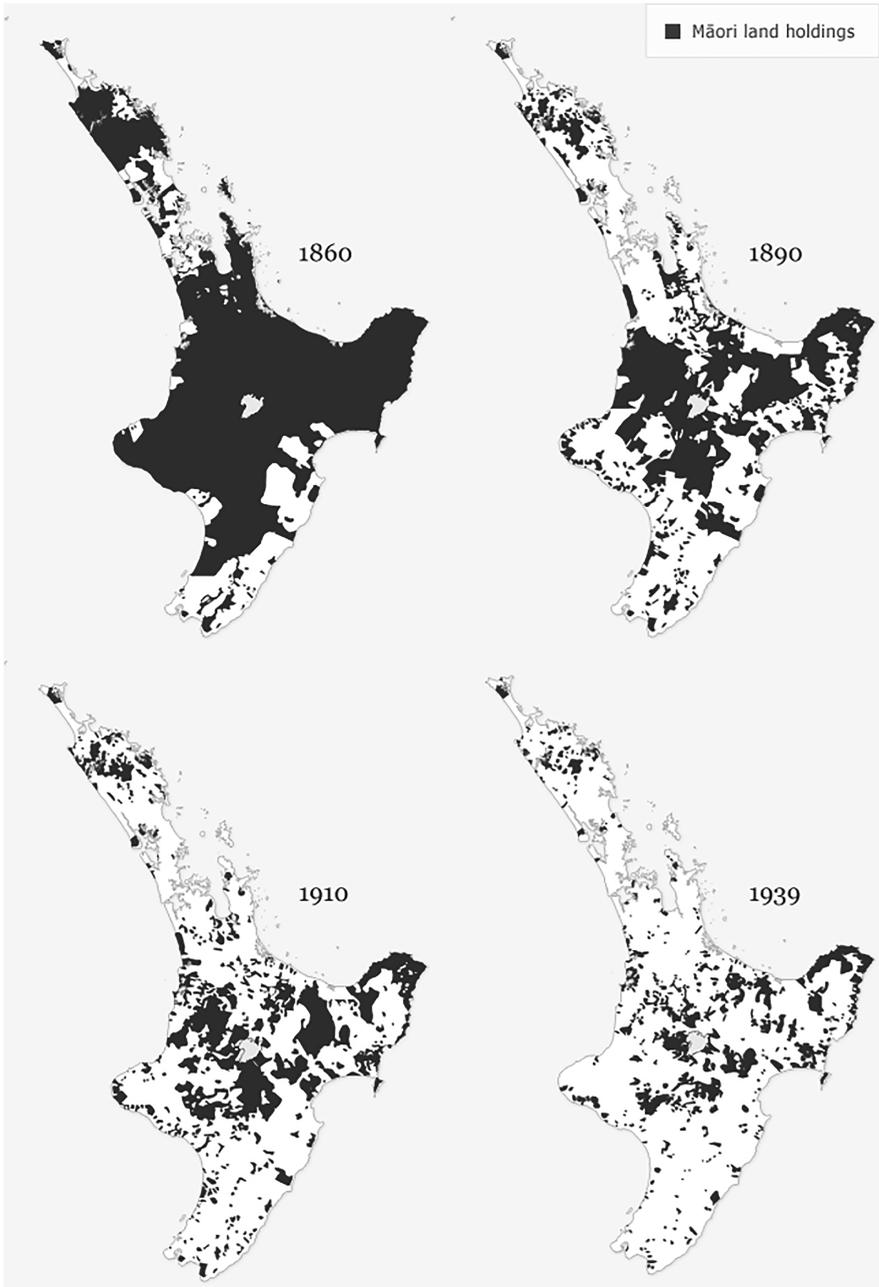
O'Malley (2018) argues that, "Beneath the deceptively soothing name [NZSA], there lurks a darker tale of dispossession and colonial greed whose consequences are still felt today". Now, elements of this narrative are for the first time being included in the national school curriculum. While Māori-Pākehā relations over the years have in many ways been warmly positive, most children, including Māori, have learned little if anything about this darker side of their country's history.

This explains why prime minister Keith (later Sir Keith) Holyoake could in the early 1960s boast of New Zealand having "the best race relations in the world" (Richards, 2020). Holyoake, while deputy prime minister and minister of agriculture, had in the 1950s used the influence of his offices to secure governmental construction of an access road to a new village he and his business partners were developing on the northern shore of the North Island's Lake Taupō, the biggest lake in the country. He had negotiated a dubious land deal with local Māori for that purpose (Hamer, 2012). However, his actions in pursuit of a project that he described on his deathbed as his finest achievement aroused little public concern, probably because few people at the time knew about it. Ironically, Holyoake was a member of the Parliamentary group that in 1956 wrote the conflict of interest rules for Members of Parliament (MPs) – rules that remain largely the same today – but which he himself ignored. It is inconceivable that such actions would today not result in a major corruption scandal.

Holyoake was prime minister at the time of the massive migration of Māori from the countryside into the towns and cities, in search of employment and entertainment. This disconnected many young Māori from their tribal roots and their *tūrangawaewae* (their place to stand with *mana*, loosely pride). The consequences have been real and obvious: higher unemployment rates among Māori, higher crime rates, poorer health, and lower educational achievement (Thom and Grimes, 2022). The disproportionate rate of Māori imprisonment – today Māori make up more than half of the prison population – reflects so-called "institutional racism" in the criminal justice system (Jackson, 2018), a similar situation having been identified in the 1980s by a government report on the administration of social welfare (Department of Social Welfare, 1986).

In the face of these emerging social problems, the governments of the time promoted the view that the best way ahead lay in the integration, even the assimilation, of Māori into the dominant Pākehā society and culture. However, while Pākehā-Māori relations may have appeared to be smooth on the surface, especially in the eyes of the overwhelming Pākehā majority, Māori resentment over land confiscation festered under the social surface until the 1970s. By then Māori leaders had emerged, deciding that enough was enough.

There emerged what is often called "the Māori renaissance" – the reassertion of the rights of Māori under the Treaty, and the recognition and promotion of Māori language and culture. A group of politically vociferous young Māori named *Ngā Tamatoa* (the warriors), took the lead; a former Labour minister of Māori affairs, Matiu Rata, who had introduced the Treaty of



**Figure 1.**  
North Island Māori  
land holdings,  
1860-1939

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**Source(s):** Orange (2020, pp. 440-441). Reproduction permission granted 21 December 2021.

Waitangi legislation in 1975, left his party in 1979 to set up a new one, *Mana Māori Motuhake*, to promote Māori self-determination; and – perhaps the most significant event in the renaissance – a protest march from the far north of the country to parliament in Wellington took place in 1975, during September and October. It was led by a prominent and elderly Māori woman, Whina (later Dame Whina) Cooper, who had for many years been a leading light in the promotion of Māori community welfare. This was followed soon after by high profile land protests led by Tuaiwa Hautai (“Eva”) Rickard, at Raglan in the Waikato, and by Joe Hawke at Bastion Point in Auckland. The former was driven by an egregious governmental act, whereby the Māori owners of their land at Raglan had been evicted during the Second World War so that the government could build an airfield on it. After the war instead of being returned to its original Māori owners, as had been promised, the land was turned into a public golf course. Because of Rickard’s successful leadership the land later became a farm for the local Māori people. The latter case involved similarly duplicitous acts by governmental authorities, dispossessing Māori people of their land – an area of prime Auckland real estate – and then proposing by the late 1970s to sell the land for expensive private development. (Both cases were instrumental in later law changes that provided for land taken but subsequently unneeded for public works to be returned to its original owners.)

Māori political leadership in a predominantly Pākehā political culture had been re-asserted, leading to the establishment of the Waitangi Tribunal, a statutory body to administer a newly devised Treaty settlements process compensating Māori for the confiscation and appropriation of their land, forests and fisheries, that had occurred over the previous 135 years. These Treaty settlements have been substantial in themselves, but the losses suffered historically by Māori are incalculable, and are undoubtedly much greater than the compensation paid.

In 1987 the court of appeal judged to be unlawful the transfer of state assets to state-owned enterprises without any system to determine whether such transfers were consistent with the Treaty. That same year Parliament declared the Māori language to be an official language of New Zealand. Today, *te reo* is commonly used in television and radio broadcasting, a far cry from the situation as late as the 1990s, when it was seldom heard on the mainstream media. Thus, the Treaty had come a long way from being Justice Prendergast’s “simple nullity”, and the decision by the appeal court began the development of a body of common law on Treaty principles.

Along with the Māori urban migration, there was a huge influx of Pasifika people at the same time, brought to the country by government policies aimed at providing cheap workforce labour. Once the urgent demand for cheap labour had subsided in the early 1970s successive governments from 1974 to 1976 responded with racial bias against Pasifika overstayers, who were often the targets of “dawn raids” conducted by the police and immigration authorities. Just as the confiscation of Māori land had been, so too was the importation of Pasifika labour a feature of a capitalist political economy that invited corrupt practices by eagerly placing the profit-making imperative ahead of the need for social justice.

While the Crown has apologised to some *iwi* in the course of Treaty settlements – directly by the Queen herself in one case – no general apology has been issued.

### **Conventional anti-corruption leadership in New Zealand**

Lipson (1948, p. 489) averred that New Zealanders, unlike Americans, prioritised equality over liberty, an assessment that was repeated many years later by Fischer (2012) in his comparison of the political cultures of the two societies. However, 19<sup>th</sup> century history gives the lie to this judgment. Fairness was hardly the dominating value which drove the legalised alienation of Māori land, unless fairness is seen as a function of superior strength. As O’Malley (2018) argues, “In many ways, we still live with the legacy of the NZSA today. It

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is there in the negative socio-economic statistics of many Māori communities in those regions subject to *raupatu* [the confiscation of Māori land].”

Lipson (1948, pp. 498-499) himself observed, New Zealanders were constantly assured that their country led the world in “this, that, and the other”, and this “delusion of the self-satisfied” is held as an unquestioned faith. Unlike in many other countries, corruption has seldom if ever been a topic of political controversy used by political leaders to generate electoral appeal. There has been no effective platform on which politicians can promise to reduce governmental corruption, simply because, according to mainstream opinion, there has been so little of it. While other issues in New Zealand easily gain political traction – for example, the usual suspects of economic management, health, housing, social welfare, income maintenance – corruption does not feature among them.

No New Zealand politician has ridden into office on the back of a metaphorical corruption-fighting white charger, though one – New Zealand First party leader Winston Peters, who was deputy prime minister in two coalition governments – accused the Serious Fraud Office (SFO) and the Inland Revenue Department (IRD) of corruption and incompetence in regard to certain taxation matters. (A commission of inquiry found nothing illegal.) New Zealand’s reputation as being largely free of corruption contrasts starkly with other jurisdictions like Singapore and Hong Kong, where government leaders took decisive action to combat corruption.

This is not to say, however, that there has in New Zealand been no scope for political leaders who could, in Samuels (2003) terminology “stretch the constraints” and induce enduring institutional transformation in New Zealand’s political development, including the country’s ability to sustain a largely corruption-free governmental system. Prime minister (Sir) Geoffrey Palmer led the establishment of the SFO itself in the late 1980s, although it was not set up as an anti-corruption agency *per se*, but as a body tasked with investigating and prosecuting major fraud. Without doubt, however, the most compelling example of the stretching of political constraints was the passage of the 1912 Public Service Act by the conservative Reform Party government led by prime minister William Massey, who held office from 1912 to 1925. The push for this new act was led by a senior minister in Massey’s government, Alexander Herdman, who was a disciple of the “scientific management” then being advocated by the progressive movement in America, envisioning a more “business-like” approach to public administration. The Massey-Herdman leadership was a counterpoint to the prevailing system of political patronage in public service appointments, which had been prominent under the previous prime minister, the Liberal Party’s Richard Seddon.

Thus, Massey’s government institutionalised in New Zealand the emerging idea of a politically neutral, merit-based, professional, public service career system, one which prevails to this day, despite major structural changes introduced by the fourth Labour government from the mid-1980s to the early 1990s, which replaced a unified career system with a position-based one. Such political patronage could in hindsight be seen as a form of endemic governmental corruption, in that public office was used as a form of trading in influence: party supporters gained employment, while the government of the day secured the *quid pro quo* of political advantage within the bureaucracy.

The National Party government in office from 1960 to 1972 under prime ministers Keith Holyoake and (in 1972) John Marshall, had presided over a stable economy which had until the early 1970s successfully managed to achieve, by following Keynesian prescription, full employment, financial stability, favourable terms of trade, and high productivity. Holyoake was rewarded politically with four successive election victories. However, by the late 1970s the Keynesian consensus had begun to break down, and into the early 1980s the National government of Robert Muldoon, elected in 1975, was struggling with rising unemployment and “stagflation”, exacerbated by the two “oil shocks” of those years. Muldoon’s last-ditch attempts to control high inflation and interest rates by imposing wage and price controls

could only fail, and after calling a snap election in July 1984 he was roundly defeated by the Labour Party led by David Lange.

A key figure in this fourth Labour government was the finance minister, Roger Douglas, who led a radical programme of rapid neoclassical economic restructuring known euphemistically as “Rogernomics”. This strongly centre-right strategy had not been heralded in the preceding election campaign and was publicly justified by its proponents, who claimed there was no alternative (Easton, 2020). While it brought relief from the country’s overregulated “Muldoonist” economy, it paved the way for the sharpest rise in income inequality in any OECD country, an increase mainly generated by the succeeding National government’s 1991 “Mother of All Budgets”, which drastically cut welfare benefits. This saw a dramatic rise in rates of child poverty (Gregory and Eichbaum, 2014).

Hence, New Zealand’s fair and egalitarian society became much less so from the late 1980s. A heavy impact from this has fallen on Māori and Pasifika people, who are proportionately overrepresented in the lower socio-economic stratum. Few people would have known or noticed how the excesses of the 1980s, displayed overwhelmingly by Pākehā opportunists, was eerily reminiscent of the 19<sup>th</sup> century *raupatu*.

Property ownership has for a long time been a vital component of New Zealand’s political and social culture. It has strong colonial origins, as many of the settlers from Britain came to the country in the 19<sup>th</sup> century, escaping cramped living conditions at home, and on the promise of sufficient land not only to build a home but also to grow food, run chickens, and even maintain a few livestock. It was, however, largely Māori who bore the costs of this Pākehā-driven aspiration.

The 1980s saw the deregulation of trading banks, which became empowered to finance homeownership through a plentiful and seemingly unlimited supply of relatively cheap money. Today, this has resulted in property investment becoming the primary source of wealth for those able to buy more properties other than their own home, renting these houses and apartments out at high rates. Consequently, the housing market has become the dominant feature of the country’s economy, with the main banks – all Australian-owned – recording huge annual profits, while productivity rates have declined sharply. It has been the major driver of growing wealth inequality.

By September 2021 New Zealand’s house price boom was ranked second fastest among 55 countries. Prices had increased rapidly during the Covid-19 pandemic, which rather than suppressing the boom, as many had expected, instead further inflated a market that had been greatly overheated for several years. No government has ameliorated the situation significantly, mainly because too many property-owning voters have benefitted hugely, including large numbers of MPs, who are required to list their assets on a publicly accessible register. The quest for fairness seems no longer to be a prime motivator in public policymaking.

A disproportionate number of poorer people are Māori and Pasifika, many of whom are now forced to live in conditions and circumstances that would be completely unacceptable to middle class Pākehā. The Human Rights Commission (HRC) has proposed that an independent commissioner be authorised to monitor progress on governments’ attempts to ameliorate the problem and to enhance accountability. The Commission has described the housing situation as a “human rights calamity” that abrogates the International Bill of Human Rights.

Whether or not this situation can be seen as a form of what might be called “cultural corruption” is a moot point. Nevertheless, some would say, the authors among them, that the egalitarian culture has been corrupted by the growing dominance of competitive self-interest at the expense of social and community cooperation.

Less financially secure New Zealand citizens, including many Māori and Pasifika people, have also been indirectly disadvantaged by the country’s laws pertaining to political party donations. The growth of income and wealth inequality that was generated by the neoliberal economic policies of the past 30 years has greatly enhanced what Johnston (2005) calls

“influence markets” – one of his five “syndromes of corruption” – in New Zealand governance. According to Johnston, trading in influence is the most common form of corruption in developed, Western economies, and often goes under the anti-corruption radar because, though it may widely be considered illegitimate, it is not illegal.

Whereas before the 1984 election the Labour Party had a record membership of 100,000 – greatly boosted by the rising popular antagonism against prime minister Robert Muldoon, who had been in office for the preceding nine years – by 1987, membership had dropped to about 5,000. The main reason was the growing disillusionment felt by traditional Labour Party supporters who now found themselves as members of a party that was pursuing a neoliberal programme of economic reform that essentially rewarded the wealthy and punished the poor. Public officials were by no means exempt from the new culture of personal enrichment (Gregory, 2003). The resultant large drop in Labour Party funding was more than offset by the financial support gained from business and other interests that had gained from “Rogernomics”.

The issue of political donations has over the past 30 years gained increasing public prominence, especially in the years 2017-2021, during which the Electoral Commission has referred to the police cases of alleged illegal donations to political parties. At the time of writing the validity of these charges have yet to be determined by the courts. After the 2005 general election political allegations and counter-allegations by leading politicians swirled in the news media over corruption in the spending of public moneys by political parties during the election campaign, resulting in a report from the country’s auditor-general, whose office is directly responsible to Parliament. The auditor-general found, *inter alia*, that five of the six parties in the election campaign had misspent NZ\$1.17 million of parliamentary funds, most of which - NZ\$768,000 – had been spent by the governing Labour Party. The party subsequently committed to re-paying the money to the public accounts, with repayments reportedly shared equally among Labour Party MPs. In 2006 the Appropriations (Parliamentary Expenditure Validation) Act, which validated any misspent parliamentary funding of parties between 1989 and 2007, was passed under urgency, and – unsurprisingly - with no dissent.

It is not difficult to perceive a line from this political behaviour to a major form of corruption, tampering in elections. There is no limit on how much money an individual or company can donate to a political party, and donations under NZ\$15,000 could be made anonymously. Larger donations could be split up into NZ\$15,000 blocks and passed on by intermediaries to avoid disclosure. By this means donors might be seen to be trying to buy political influence.

Therefore, electoral laws must be designed to inhibit trading in influence, the real or prospective *quid pro quo* relationship between political donors and politicians. To this end the National Party-led minority government of John (later Sir John) Key (2008-2017) in 2015 had parliament pass legislation that made trading in influence a criminal offence in New Zealand, in line with Article 18 of the United Nations Convention Against Corruption, making New Zealand the first country to criminalise trading in influence. This did not appear to sit well with the fact that the prime minister’s personal lawyer had been trying to stop a pending inquiry by the IRD into the laws on foreign, “tax haven”, trusts in New Zealand.

The wherewithal to make substantial political donations, with or without any expectation of a policy *quid pro quo*, lies with the wealthier sections of New Zealand society, as it does in other countries. Such endowments may or may not generate acts of manifest political corruption, but being overrepresented in the lower societal echelons most Māori do not possess the means to be so tempted.

Electoral laws on political donations are a crucial means of ensuring that income and wealth inequality do not translate into public policy advantages for those who are financially better off, especially if they are public officials. If purposefully drawn and rigorously implemented, they would help to ensure that fairness in the political process is a real rather than just a rhetorical commitment.

To this apparent end, in December 2019, the coalition government of Labour and New Zealand First passed urgent legislation limiting foreign donations over NZ\$50, to combat foreign interference in the country's elections, thus bringing New Zealand into line with other countries – including Britain, the United States and Australia – with similar legislation.

The Green Party was the only main party before the 2020 general election to display leadership on this hugely important issue by presenting to the electorate a comprehensive reformist policy on political donations. It proposed three electoral law changes: a total ban on overseas donations; disclosure requirements for all donations over \$1,000 to a candidate or party; and a prohibition on any one person donating more than NZ\$35,000 a year to a candidate or party. The extent to which this policy proposal affected the party's vote in the election is not known, but as yet the institutional and legal constraints have not been significantly stretched.

### Conclusion: the ahistorical CPI and New Zealand

The fact that New Zealand has consistently retained its top or near top ranking on the CPI over the past 25 years has understandably informed much of the commentary on corruption in the country. However, this commentary should be better informed by a more balanced, historical, and less monocultural, awareness of the way in which present-day, largely non-corrupt, New Zealand was built on the back of a betrayal of the Treaty of Waitangi, the dispossession of Māori land, and the suppression until the 1970s of Māori language and culture. Although it was a generally outstanding study, Leslie Lipson's 1948 seminal exposition evinced a largely Pākehā view of "harmonious" race relations in the country. However, just as "seeing is believing" so too believing is seeing or not seeing. It can be argued that in a Pākehā-dominated society most people, like the three wise monkeys, have preferred not only to see no evil, but also to hear and speak no evil.

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# Lee Kuan Yew's role in minimising corruption in Singapore

Minimising  
corruption in  
Singapore

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## Abstract

**Purpose** – This paper analyses the role of Lee Kuan Yew, Singapore's first prime minister from June 1959 to November 1990, in minimising corruption by implementing a zero-tolerance policy toward corruption in Singapore.

**Design/methodology/approach** – This paper is based on the analysis of Lee's beliefs and the policies he introduced to curb corruption in Singapore.

**Findings** – Lee's disdain for corruption and his beliefs in meritocracy and the importance of good leadership shaped his commitment to a zero-tolerance policy against corruption, which was enforced impartially and sustained in Singapore for the past 62 years.

**Originality/value** – This analysis of how Lee transformed Singapore into one of the least corrupt countries in the world would be of interest to policy-makers, practitioners and scholars concerned with minimising corruption in their own countries.

**Keywords** Lee Kuan Yew, Corrupt Practices Investigation Bureau, Corruption, Cultural practices, Political will and capacity, Singapore

**Paper type** Research paper

Received 17 January 2022  
Revised 15 April 2022  
Accepted 25 May 2022

*My experience of developments in Asia has led me to conclude that we need good men to have good government. However good the system of government, bad leaders will bring harm to their people.*

Lee Kuan Yew (2000, p. 735)

## Introduction

Singapore's spectacular economic transformation from a Third World country in 1959 with a GDP per capita of US\$400 to a First World nation today with a GDP per capita of US\$59,798 in 2020 (World Bank, 2022) has been attributed mainly to the efforts of Lee Kuan Yew, who was the first prime minister from June 1959 until November 1990. Apart from Singapore's rapid economic development, Singapore has also succeeded in minimising corruption as it was ranked fourth globally with Norway and Sweden with a score of 85 on Transparency International's Corruption Perceptions Index (CPI) in 2021. Singapore has been consistently ranked as the least corrupt Asian country on the CPI from 1995-2021 (Transparency International, 2022, p. 2).

When Barbara Garson visited the Caltex oil refinery in Singapore probably in the late 1990s, she asked the director of the expansion project, Jack Bradie, why Caltex built their refinery in Singapore instead of Thailand, which had a larger population. Apart from its

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The author is grateful to Professors Leslie Holmes and Soh Kee Hean for their constructive feedback on an earlier version of this paper.

Public Administration and Policy  
Vol. 25 No. 2, 2022  
pp. 163-175  
Emerald Publishing Limited  
1727-2645  
DOI 10.1108/PAP-04-2022-0037

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excellent infrastructure, Singapore's comparative advantage over Thailand was that even though it had tough environmental standards, there was no need to bribe officials for obtaining the necessary permits. Bradie explained why Singapore was chosen by Caltex and shared the secret of Singapore's success: "What happened in Singapore is Lee Kuan Yew . . . If they see any corruption they come down on it hard. It's not a cultural thing; it's a national decision that comes from the top!" (Garson, 2001, pp. 138-139).

This paper contends that Singapore's success in curbing corruption is the result of Lee's commitment to implementing a zero-tolerance policy toward corruption. It begins by showing that corruption was rampant during the British colonial period, especially during the Japanese Occupation and the British Military Administration (BMA). The Chew Swee Kee scandal resulted in the defeat of the Singapore People's Alliance (SPA) by the People's Action Party (PAP) in the May 1959 general election and reaffirmed Lee's unequivocal stand against corruption. The article then shifts its focus to the implementation of Lee's zero-tolerance policy toward corruption with the enactment of the Prevention of Corruption Act (PCA), the allocation of adequate resources to the Corrupt Practices Investigation Bureau (CPIB), paying competitive salaries for the "best and brightest", and the punishment of corruption offenders.

### **Police corruption during the colonial period**

Police corruption was widespread in Singapore during the colonial period because of the weak political will and ineffective anti-corruption measures initiated by the government. Corruption was made illegal with the enactment of the Penal Code of the Straits Settlements of Malacca, Penang and Singapore in 1871. The British colonial government ignored the findings of systemic police corruption in Singapore of the 1879 and 1889 Commissions of Inquiry and did nothing for the next 66 years after the Penal Code was enacted until the first anti-corruption law, the Prevention of Corruption Ordinance (PCO), was passed in December 1937 (Quah, 2011, pp. 216-217).

The British colonial government made two serious mistakes in tackling the problem of corruption. First, even though police corruption was rampant, the enactment of the PCO made the Anti-Corruption Branch (ACB) of the Criminal Investigation Department (CID) of the Singapore Police Force (SPF) responsible for combating corruption. However, the ACB was ineffective because it was a Type B anti-corruption agency (ACA) that performed both anti-corruption and other functions, including the control of secret societies, gambling promoters, commercial crime, and anti-vice and narcotics traffickers (Colony of Singapore, 1952, p. 31). As the CID's primary objective was to detect and solve serious crimes like murder and kidnapping, the lower priority given to combating corruption was reflected in the ACB's limited staff of 17 personnel, which was considered to be inadequate for fighting corruption by Elizabeth Choy in her speech to the Second Legislative Council on 20 February 1952 (Quah, 2011, p. 217).

The "golden rule" for preventing police corruption is that the police should not be "responsible for investigating their deviance and crimes" (Punch, 2009, p. 245). Police corruption was rampant in colonial Singapore because of the low salaries and unfavourable working conditions of policemen, ample opportunities for corruption, and the low risk of detection and punishment (Quah, 2011, pp. 212-215). The ACB's Achilles' heel was that, as part of the CID, its personnel faced a conflict of interest and were unable to investigate impartially corruption complaints against police officers. The British colonial government violated the "golden rule" when it made the ACB responsible for combating corruption. It only realised this mistake after the Opium Hijacking scandal involving some robbers, including three police detectives, robbed a shipment of 1,800 pounds of opium worth S\$400,000 (US\$133,333) on 27 October 1951 (*Straits Times*, 1952, p. 5).

The Opium Hijacking scandal resulted in the formation of the CPIB in September 1952. The government appointed a team led by a senior ACB officer to investigate the scandal. The ACB team found that some police officers were implicated in the protection racket with both the robbers and importers of the opium. However, the government was dissatisfied with the ACB team's prosecution of only two senior police officers and appointed a special team in May 1952 to review the ACB's investigations. The special team completed its inquiry in September 1952 and the government replaced the ineffective ACB with the special team, which became the CPIB during the same month (Quah, 2011, p. 209).

Unlike the ACB, the CPIB is a Type A ACA dedicated exclusively to curbing corruption only and is independent of the CID and SPF. This means that the government rectified its first mistake by replacing the ACB with the CPIB which is outside police jurisdiction. However, the government continued to make the second mistake by not providing the CPIB with sufficient legal powers and resources during its first eight years. The CPIB began operating in October 1952 with 22 personnel during its first three months (CPIB, 2012, p. 18). The CPIB was a paper tiger during its first eight years because of its weak legal powers and limited resources.

### **The Japanese Occupation bred corruption**

During the Japanese Occupation, guild associations were established to control the supply of essential materials for the army's needs, but in practice, these associations "produced a government-protected black market, controlled at the top by a handful of Japanese businessmen, and operated by local entrepreneurs" (Turnbull, 1977, p. 202). This monopolistic situation "encouraged unscrupulous businessmen to turn to bribery and other methods to get supplies" (Lee, 2005, p. 159).

To cope with the rising inflation, poorly paid civil servants held two jobs or resorted to black marketing, which provided many opportunities for earning extra income. The low value of the Japanese military currency combined with their low salaries forced many civil servants to accept bribes or moonlight to prevent their families from starving (Yoong, 1972, p. 55). Doctors, lawyers and teachers participated in the black market by "selling their old clothes and shoes or whatever that could fetch high prices" (Wong, 2009, p. 37). Shortages in food and other commodities forced many people to trade on the black market because they acted as brokers between buyers and sellers and earned commissions from these transactions to supplement their poor wages (Pitt and Leong, 2009, p. 194).

The black market "became a publicly accepted institution" because people relied on it to obtain bus and cinema tickets, clothing coupons and newspapers. Furthermore, as the black market depended on recommendations and commissions, "resourcefulness, a good ear, contacts, bargaining power and the ability to network in both buyers' and sellers' circles" were important skills for success (Wong, 2009, p. 38). Thus, trading in the black market became a way of life as "everyone was surviving on some sort of black marketing". Corruption and nepotism thrived as "everyone resorted to connections, friends, and relatives" (Lee, 2005, p. 142). Corruption was thus a coping strategy adopted by poorly paid civil servants to meet the rising cost of living. Those civil servants serving the public expected to be paid generously for their services. Consequently, those departments issuing food licences, distillery licences, coffee-shop licences, gambling licences and prostitute licences became rich by accepting bribes from those applying for these licences.

In short, the most important legacy of the Japanese Occupation was that it bred corruption. Lee Gek Boi (2005, p. 205) observed that "bribery worked wonders" as "gifts and money smoothed the way" from the ordinary soldier to the general. Prostitution, gambling and opium smoking were institutionalized. The shortages of commodities created the black market which fostered a culture of thievery to maintain it. She concluded that "it would take years to undo the corruption and address the social evils that Japanese military occupation

bred in Singapore". Sharing this negative assessment, Turnbull (1977, p. 225) contended that the Japanese Occupation's worst legacy was "the corruption of public and private integrity" which was manifested in the "flourishing gambling dens and brothels, both legalized by the Japanese, the resurgence of opium smoking, universal profiteering and bribery".

### **The Black Market Administration**

After the Japanese surrender in August 1945, the BMA was established in September to prepare for the restoration of civilian government. Conditions deteriorated during the post-war period and corruption was widespread among civil servants as a result of their low wages, inflation, and inadequate supervision by their superior officers, thus providing them with ample opportunities for corruption with a low probability of being caught. The BMA itself succumbed to corruption even though its senior officials were "honest men of high calibre," because their junior colleagues were unscrupulous and corrupt (Turnbull, 1977, p. 225).

Graft followed the deployment of British and Commonwealth troops and "military stores and 'rehabilitation' goods disappeared en route to Malaya, or were landed in the wrong place; in the docks, goods vanished, invoices never appeared, or when they did, charges were paid three times over" (Bayly and Harper, 2008, pp. 108-109). During the BMA, "goods sold on the black market also came from the military camps, and included cigarettes and liquor, canned food, corned beef and mutton that were meant to be supplies for troops" (Wong, 2009, p. 37). Not surprisingly, the BMA officers' mess in Singapore was reported to be filled with missing military supplies and goods.

As the BMA was inadequately staffed, there was a tremendous strain on its officers because they had to cope with "insufficient transport, poor living conditions" and the "inefficiency of their local subordinates" (Gilmour, 1950, p. 140). Consequently, the BMA was described pejoratively as the "Black Market Administration" because of its arbitrary requisition of private property, gross mismanagement of the distribution of rice, financial inefficiency, and "scandalous corruption" (Turnbull, 1977, p. 225). Indeed, British prestige plummeted within a few months by the "corruption and looting propensities of the occupying" BMA (Gilmour, 1973, p. 6).

Thus, within seven months, the BMA or "Black Market Administration" "destroyed the goodwill which existed at the time of the liberation and brought British prestige in Singapore to a lower point than in February 1942" (Turnbull, 1977, p. 225).

### **The Chew Swee Kee scandal**

In his memoirs, Lee admitted that he and his colleagues had "grave reservations" about competing in the May 1959 general election because they were "unprepared and not sufficiently organised" to confront the communists after winning the election. However, the Chew Swee Kee scandal changed their minds because they wanted to prevent the corrupt government of Chief Minister Lim Yew Hock from being re-elected for fear that it would corrupt the still honest civil servants (Lee, 2000, pp. 182-183). In November 1958, Chew joined the SPA when it was formed by Lim and remained as the Minister of Education until his resignation in March 1959.

The PAP launched its campaign for the May 1959 general election on 16 February at a pre-election rally at Hong Lim Green during which its chairman Toh Chin Chye alleged that the "income tax investigation into a half-million dollar account at the [First] National City Bank of New York in the name of a minister was quite quickly and properly choked off because this money, being a political gift, was not liable to income tax" (Morgan, 1959, p. 1). Two days later, Lee gave notice of a motion in the Legislative Assembly in which he named

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Chew as the minister with the bank account and called for a Commission of Inquiry (Morgan, 1959, p. 1). Chew resigned as Minister of Education and from the Legislative Assembly on 4 March.

On 5 March, Lee alleged in the Legislative Assembly that Chew had (1) received S\$300,000 in 1957 for his party to finance the City Council elections; (2) received another S\$500,000 in 1958 for the same political purposes; and (3) paid S\$30,000 for a house at No. 12 Worthing Road in Serangoon Gardens Estate in Singapore (*Straits Times*, 1959, p. 1). A Commission of Inquiry was appointed by Governor William Goode on 2 April 1959 chaired by Justice Murray Buttrose to investigate whether Chew had S\$500,000 in his bank account as alleged and the circumstances which led to the leaking of confidential information from the Income Tax Department. The Commission submitted its report on 25 May 1959 and found that S\$519,083.96 (US\$170,000) was deposited in Chew's bank account on 30 October 1957 and a second deposit of S\$182,509.51 (US\$60,000) was made on 24 April 1958 in the same account. The total sum of S\$701,593.47 (US\$230,000) was a political gift and not subject to income tax (Colony of Singapore, 1959, pp 1-3, 10).

The Commission also found that Chew had used the funds to (1) purchase a house in Ipoh in the name of his wife for S\$51,000; (2) invest S\$250,000 in the Perak Mining Enterprise Ltd in the name of Chong Lian Joo, a trusted SPA member; and (3) invest S\$30,000 in the International Mining Ltd in Ipoh also in Chong's name (Colony of Singapore, 1959, p. 4). The PAP capitalized on the Commission's finding that Chew had used part of the political gift of S\$701,593.47 for his party, the SPA, for his private purposes to demonstrate that the SPA was corrupt and incompetent during its campaign for the general election on 30 May 1959. Ong (1975, p. 65) indicated that the "PAP grabbed every opportunity in the Legislative Assembly, the press and rallies to propagate that the Chew affair 'proved' that the SPA government was incurably corrupt and had sold Singapore to foreigners for a few thousand dollars".

The Chew scandal had exposed the SPA as being "corrupted to the core" and the PAP's ability to present its image as "a clean, sincere, and competent party to the masses" convinced the "fence-sitters to cast their votes for the PAP" (Ong, 1975, pp. 69-70). The publication of the Commission's Report on 25 May, five days before the general election, was disadvantageous for the SPA because it reminded the voters that Chew had misappropriated the foreign funds given to the SPA for his private benefit. Consequently, it was not surprising that the PAP won a landslide victory by capturing 43 of the 51 seats in the Legislative Assembly with 53.4 per cent of the total votes. In contrast, the SPA won only four of the 39 contested seats and 20.4 per cent of the total votes (Ong, 1975, pp. 80-81).

### **Singapore's cultural practices and corruption**

Singapore was a small fishing village inhabited by 120 Malays and 30 Chinese when Stamford Raffles landed on the island on 28 January 1819. The population grew rapidly from the vast influx of immigrants from other Asian countries and reached 10,683 in January 1824 (Saw, 1991, pp. 219, 221). In June 2021, Singapore had a population of 5,453.6 million persons (Department of Statistics, 2021). The population is multi-racial and 74.3 per cent of the resident population of 3,994,283 in June 2018 are Chinese, 13.4 per cent are Malays, 9 per cent are Indians, and others constitute the remaining 3.2 per cent (Department of Statistics, 2019, p. 13).

Gift-giving is an important social tradition among all the ethnic groups in Singapore. Among the majority Chinese, gift-giving is observed during the Lunar New Year or Spring festival when children receive *ang pous* (small red envelopes containing money) from their grandparents, parents and other married relatives. This practice is also extended during this period to postmen, delivery persons, and garbage collectors, who are given *ang pous* by the

public in appreciation for their services (Quah, 2011, p. 216). Similarly, the Malays and Indians also exchange gifts during the *Eid al Fitri* and *Diwali* festivals, respectively.

The rampant corruption during the Japanese Occupation was manifested in the black market and the population's reliance on *guanxi* or connections to get things done. Since *guanxi* is contextual, the giving of a gift can be considered as an accepted part of the culture of gift-giving, instrumental, or as a bribe, depending on the context. When Lee became Singapore's first prime minister in June 1959, he was showered with gifts from well-wishers who wanted to ensure favourable consideration for their future requests. However, he refused those gifts to set an example for his colleagues, civil servants and all Singaporeans to emulate. During a dialogue session with students from the National University of Singapore Lee Kuan Yew School of Public Policy in November 2006, he referred to corruption in China and said: "You start with gifts, the designer shirt and whatever. So they say, well, 'Let's share. If I give you these services, how much is it worth?' So now it has become systemic." To prevent corruption in Singapore, when a civil servant receives a gift, its value must be assessed and he or she pays for the gift, or the gift is auctioned off (Lee, 2006, p. H3).

Unlike other Asian countries, gift-giving has not contributed to bribery in Singapore because of the strict enforcement of the regulations prohibiting the acceptance of gifts by civil servants and political leaders. Section 2 (a) of the PCA defines corruption explicitly in terms of five forms of gratification, including "money or any gift, loan, fee, reward, commission, valuable security, or other property or interest in property of any description, whether movable or immovable". Section 5 indicates that those found guilty can be fined S\$100,000 and/or imprisoned for five years. Section 23 states that evidence is not admissible in court to show that the gratification received is a customary practice. This section is important because it prevents the culture of corruption from developing by not permitting the custom of gift-giving such as the giving of *ang pous* during the Lunar New Year. Furthermore, *Instruction Manual 2* includes a section on "Staff Conduct and Discipline" which contains regulations forbidding civil servants and their families from receiving gifts or entertainment from members of the public (Quah, 2011, pp. 219-220).

Gesteland (1999, pp. 95-96) observes that countries afflicted by rampant corruption are: (1) relationship-focused and emphasize the importance of personal contacts; (2) strongly hierarchical with wide status differences and lower-ranking officials being reluctant to make decisions; and (3) polychronic, with a relaxed approach toward punctuality, schedules and deadlines. During the Japanese Occupation, Singapore had a relationship-focused culture as many persons relied on the black market and resorted to using *guanxi*, bribery and nepotism for their survival. However, contemporary Singapore does not have a relationship-focused culture because its rapid economic growth, improvement in living standards, emphasis on meritocracy, efficiency in the delivery of public services, and the impartial enforcement of the PCA ensure that its citizens no longer rely on the black market, *guanxi*, bribery and nepotism to get things done.

Singapore's polychronic business culture in the 1960s was transformed into a moderately monochronic business culture 30 years later. Accordingly, visiting business persons are advised not to give gifts to government officials, who are known for their honesty and efficiency, or to be surprised that they would insist on paying for their share for lunch (Gesteland, 1999, pp. 56, 164). Unlike Japan and South Korea, which emphasize seniority and status differences, some aspects of Singaporean society are hierarchical but upward mobility channels are far more open than in many other countries because of the PAP government's emphasis on meritocracy in recruiting and promoting civil servants and its substantial investment in education to enhance upward social mobility by providing scholarships or bursaries to students from low-income backgrounds to improve themselves.

In short, Singapore today does not share the three cultural values exhibited by corrupt countries. Why is corruption no longer a way of life in Singapore today when it was widespread

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during the British colonial period, especially during the Japanese Occupation and the notorious BMA? This article contends that Lee Kuan Yew's personal incorruptibility and his unwavering commitment to a zero-tolerance policy toward corruption in Singapore are mainly responsible for making corruption no longer a way of life in Singapore today. Nevertheless, as indicated in the opening paragraph of this paper, Singapore's success in minimising corruption would not have been possible without its impressive economic growth during 1959-2020.

### **Lee's zero-tolerance policy toward corruption**

Lee explained in his memoirs why he and his colleagues were determined to keep Singapore free from corruption after assuming office in June 1959:

We were sickened by the greed, corruption and decadence of many Asian leaders. . . . We had a deep sense of mission to establish a clean and effective government. When we took the oath of office . . . in June 1959, we all wore white shirts and white slacks to symbolise purity and honesty in our personal behaviour and public life (Lee, 2000, pp. 182-183).

Apart from inheriting a huge budget deficit from the Lim Yew Hock government, the PAP also had to deal with the legacy of corruption left by the Japanese Occupation, the BMA and during the postwar period. Corruption was a way of life then and perceived by many Singaporeans to be a low risk, high reward activity because of the low probability of detecting and punishing corruption offenders. Consequently, the PAP government's challenging mission was to minimise corruption and change the public perception of corruption to a high risk, low reward activity (Quah, 2011, p. 218).

Lee's policy of zero-tolerance toward corruption is reflected in the enactment of the PCA, the allocation of adequate budget and personnel to the CPIB, paying competitive salaries to ministers and senior civil servants to prevent corruption and retaining them in the government, and the punishment of all corruption offenders, regardless of their position, status or political affiliation.

### **Prevention of Corruption Act**

As the British colonial government's incremental anti-corruption strategy was ineffective in minimising corruption in Singapore, Lee avoided making the same mistakes and implemented a comprehensive anti-corruption strategy instead. The PAP government could not afford to increase the salaries of civil servants because of the budget deficit and poor economic conditions. Accordingly, it began by enacting the PCA in June 1960 to replace the ineffective PCO and strengthen the CPIB.

The PCA has three features which rectified the PCO's weaknesses and gave the CPIB a new lease of life. The British colonial government replaced the ineffective ACB with the CPIB in September 1952 but did not provide it with adequate legal powers, budget and personnel during the CPIB's first eight years. The PCA's first feature is its broader scope, with 32 sections in contrast to the PCO's 12 sections. Second, corruption is explicitly defined in terms of the various forms of gratification in section 2, which also identifies the CPIB and its Director. Third, and most importantly, the PCA gives the CPIB more powers, including powers of arrest without a court warrant and search of arrested persons (section 15), ability to investigate the bank and other accounts of suspects (section 18) and a civil servant's banker's book and those of his wife, child, or agent, if necessary (section 20).

Section 13 (1) empowers the court to impose a financial penalty on the offender equal to the amount of gratification received to deter him from committing other offences. Section 22 enables police and CPIB officers to enter any suspected place and search, seize and detain incriminating documents under a warrant of arrest issued by a magistrate or the CPIB's

Director. Section 24 is the most important asset for CPIB officers in investigating corruption cases because it requires accused persons to account for their “pecuniary resources or property” that are disproportionate to their known sources of income (Quah, 2011, pp. 219-220).

To ensure the PCA’s continued effectiveness, the PAP government has amended it whenever necessary to deal with unanticipated problems or to plug legal loopholes. In 1963, the PCA was amended to include section 35 to give CPIB officers the power to require the attendance of witnesses. The PCA was also amended in 1966 to ensure that, according to section 37, Singapore citizens working for Singapore embassies and government agencies abroad would be prosecuted for corrupt offences committed outside Singapore and would be dealt with as if such offences had occurred within Singapore. In 1989, the PCA was amended again to increase its deterrent effect by increasing the fine for corruption offences by ten times to S\$100,000 (Quah, 2011, pp. 220-221).

### **Enhancing CPIB’s budget and personnel**

The CPIB was a paper tiger during 1952-1959 because the British colonial government did not provide it with sufficient legal powers, budget and personnel. To complement the strengthening of the CPIB’s legal powers by the PCA, the PAP government’s strong political will and capacity is reflected in the growth of the CPIB’s budget and personnel from S\$1,024,470 (US\$474,245) and 61 personnel in 1978 to S\$48,877,500 (US\$35,418,478) and 234 personnel in 2020 (Quah, 2011, p. 223; Republic of Singapore, 2021, p. 357). The CPIB has grown by nearly 11 times from its original small staff of 22 personnel in 1952 to 234 personnel in 2020. Similarly, its budget has increased by almost 48 times from 1978-2020.

In terms of combating corruption, the two indicators of the PAP government’s political will and capacity are: (1) the CPIB’s per capita expenditure, or the CPIB’s annual budget in US\$, divided by the country’s population for the same year; and (2) the CPIB’s staff-population ratio, or the ratio of the country’s population to the number of CPIB personnel for the same year. The strong political will and capacity of the PAP government in curbing corruption is reflected in the CPIB’s high per capita expenditure and favourable staff-population ratio from 2007-2020. Table 1 shows that the CPIB’s per capita expenditure has increased by almost three times from US\$2.11 in 2007 to US\$6.23 in 2020. Similarly, its staff-population ratio has also improved from 1:58,828 to 1:24,298 for the same period.

### **Competitive salaries for the “best and brightest”**

The British colonial government introduced meritocracy to Singapore with the establishment of the Public Service Commission (PSC) in January 1951 to insulate appointments, promotions and discipline in the Singapore Civil Service (SCS) and to accelerate its localisation (Quah, 2010, p. 74). Lee’s concern for meritocracy and the need to attract the “best and brightest” citizens to join the SCS is the result of his experience as the legal adviser for several trade unions in Singapore in the 1950s before entering politics. He easily won his legal cases against the incompetent and poorly paid lawyers of the British colonial government. Hence, he supported the PSC’s role of controlling the quality of persons entering the SCS by “keeping the rascals out” and attracting “the best and brightest” candidates. Furthermore, promotion is not based on seniority but on merit and regardless of the person’s age. The 1994 White Paper on *Competitive Salaries for Competent and Honest Government* recommended faster promotion for promising civil servants and an officer could become a Deputy Secretary at about 32 years and a Permanent Secretary at about 40 years (Quah, 2010, p. 114).

On 28 April 1971, Lee highlighted the critical importance of meritocracy in selecting Singapore’s leaders because “the main burden of present planning and implementation rests

**Table 1.**  
The CPIB's per capita  
expenditure and staff-  
population ratio,  
2007-2020

Year	Per capita expenditure	Staff-population ratio
2007	US\$2.11	1:58,828
2008	US\$2.22	1:56,163
2009	US\$2.32	1:55,418
2010	US\$2.90	1:56,408
2011	US\$3.64	1:42,146
2012	US\$3.82	1:38,493
2013	US\$4.34	1:34,609
2014	US\$5.36	1:26,682
2015	US\$4.55	1:26,108
2016	US\$4.89	1:26,700
2017	US\$5.36	1:25,862
2018	US\$6.07	1:25,399
2019	US\$6.17	1:24,374
2020	US\$6.23	1:24,298

**Source:** Compiled by the author from the data on the CPIB's budget and personnel provided in Republic of Singapore (2007-2021)

on the shoulders of some 300 persons". As Singapore is a meritocracy, these "outstanding men in the civil service, the police, the armed forces, chairmen of statutory boards and their top administrators" have "risen to the top by their own merit, hard work and high performance". To emphasise their critical role, Lee warned that "if all the 300 were to crash in one jumbo jet, then Singapore will disintegrate" (Lee, 1998, p. 315).

The PAP government could not afford to increase the salaries of the civil servants from June 1959 to 1971 because of the budget deficit it inherited from the previous government and unfavourable economic conditions. Salaries were only increased in 1972 with the payment of the 13<sup>th</sup> month salary to reduce the salary gap in the public and private sectors to minimise the outflow of civil servants to the private sector. A 1981 comparison of the employment and earnings of 30,197 graduates in Singapore in 1980 found that graduates in the private sector earned, on average, 42 per cent more than those in the public sector. Figures provided by the PSC confirmed that eight superscale and 67 timescale administrative officers had resigned from the SCS during 1978-1981 for more lucrative jobs in the private sector. Consequently, the salaries of senior civil servants were increased in April 1982 to reduce the salary gap between graduates in the public and private sectors and to minimise their departure for the private sector (Quah, 2010, pp. 104-106).

Apart from competing with the private sector for talent, the second reason for paying senior civil servants and ministers competitive salaries in Singapore is to reduce the incentive for corruption by constantly improving their salaries and working conditions. On 22 March 1985, Lee explained in parliament why the salaries of cabinet ministers had to be increased. 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 corrupt behaviour. Lee began his speech by asking this question: "How is Singapore to preserve its most precious assets?" His frank answer to this question deserves to be quoted at length:

An administration that is completely corruption-free. A political leadership that can be subject to the closest scrutiny because it sets the highest standards. It is not easy, because if we lose this, then our reason for our existence, our *raison d'être* . . . will disappear. Why does this island survive? Why does it attract banks, computer software, financial services, information services, manufacturing, in preference to so many countries better endowed with natural resources, manpower, and markets?

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Any traveller knows that, because from the moment you hit the airport to the time you get into the taxi, you travel on the road, you know the difference, whether a place works on rules or it bends the rules. . . . How do you ensure that a fortuitous, purely accidental group of men who came in 1959 and after 26 years in office . . . have remained stainless? . . . Every member knows that there is no easy money on the take. That's the way we are. Nobody believes that we spent money to get into this House. . . . I'm one of the best paid and probably one of the poorest of the Third World prime ministers. . . . There are ways and ways of doing things. And I'm suggesting that our way, moving with the market, is an honest, open, defensible and workable system. You abandon this for hypocrisy, you'll end up with duplicity and corruption. Take your choice (Lee, 1985, pp. 1, 14-15).

### **Punishment of corruption offenders**

The final component of Lee's zero-tolerance policy toward corruption is the punishment of those persons found guilty of corruption offences, regardless of their position, status or political affiliation. In 1979, Lee identified six lessons, including the important lesson of staying clean and dismissing the venal, after serving 20 years in government (Lee, 1979, p. 38). The CPIB has enforced the PCA impartially and investigated five PAP leaders for corruption offences from 1966 to 2016. The most senior PAP leader was Teh Cheang Wan, the Minister for National Development, who was investigated by the CPIB in November 1986 for accepting bribes of S\$1 million from two property developers. The CPIB completed its investigations on 10 December 1986 but then he committed suicide on 14 December before he could be charged in court (Quah, 2020, p. 89).

The other notable case was Phey Yew Kok, a prominent trade unionist and PAP member of parliament for Boon Teck constituency. He was accused in May 1979 of a criminal breach of trust involving S\$101,000. He jumped bail in January 1980 and escaped to Thailand and remained a fugitive until his surrender at the Singapore Embassy in Bangkok in June 2015. Even though Phey was 81 years old, he was sentenced to five years' imprisonment in January 2016 (Seow, 2016, p. A1). He was released in October 2018 after spending a year in home detention. Phey's conviction and imprisonment after being a fugitive abroad for 35 years reflect the consistency and strength of Singapore's zero-tolerance policy toward corruption.

The CPIB and the Commercial Affairs Department (CAD) investigated nine senior civil servants in Singapore for corruption offences from 1991 to 2020. In 1995, Choy Hon Tim, deputy chief executive (operations) of the Public Utilities Board, was accused of accepting bribes of S\$13.85 million from contractors. He was found guilty and sentenced to 14 years' imprisonment and ordered to return the S\$13.85 million. The other important case was the conviction of Edwin Yeo, the CPIB's assistant director, who was found guilty of misappropriating S\$1.76 million during 2008-2012, and sentenced to 10 years' jail in February 2014. To prevent a conflict of interest, the CAD investigated Yeo's offences in July 2013 and his conviction in February 2014 shows that there was no cover-up of Yeo's scandal and that anyone found guilty is punished according to the law, regardless of his or her position, status or political affiliation (Quah, 2020, pp. 93, 97).

In 1996, Singapore was ranked first among 12 Asian countries in the Political and Economic Risk Consultancy (PERC) corruption survey. PERC attributed Singapore's achievement to these factors:

All countries have laws aimed at fighting corruption, but very few governments apply such laws as strictly and consistently as Singapore. Several factors account for the ability of the Singapore government to run a corruption-free administration and ensure high standards of probity in the private sector. The first, and possibly the most important has been the determination of the political leadership to make it so. Whatever else the critics might say about the PAP leadership, few seriously doubt the integrity of personalities such as Lee Kuan Yew and . . . Goh [Keng Swee]. Corrupt officials, particularly high-ranking ones, are dealt with in Singapore with a severity rarely seen elsewhere (*Straits Times*, 1996, p. 3).

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In sum, unlike the political leaders in some Asian countries, Lee has not used the CPIB as a weapon against his political opponents. The CPIB after 1960 is no longer a paper tiger because of its legal powers and adequate resources allocated to it during the past 62 years. Rather, the CPIB acts instead as an independent watchdog that enforces the PCA impartially, without fear or favour, or political interference.

## Conclusion

Political leaders play an important role in combating corruption as “the principal people who can change a culture of corruption if they wish to do so are politicians” because “they make the laws and allocate the funds that enable the laws to be enforced” (Senior, 2006, pp. 184-185). In Singapore’s case, Lee Kuan Yew played a critical role in minimising corruption by learning from the mistakes of the British colonial government. His policy of zero-tolerance toward corruption was implemented with the enactment of the PCA in June 1960 to enhance the CPIB’s legal powers, which was supplemented by the allocation of adequate budget and personnel to enable it to combat corruption effectively. Competitive salaries were paid to senior civil servants and ministers after 1972 to prevent them from joining the private sector and to reduce their incentive to be corrupt. Those persons found guilty of corruption offences are punished according to the law, without regard for their position, status or political affiliation, to serve as a deterrent.

Huntington (2000, p. xvi) attributed Singapore’s status as one of the least corrupt countries in the world to Lee Kuan Yew, “who was determined to make Singapore as uncorrupt as possible and succeeded”. However, he was doubtful “how uncorrupt Singapore will remain after Lee Kuan Yew is no longer there”. Lee died from pneumonia at the age of 91 on 23 March 2015. Two years before his death, Lee (2013, p. 300) observed that his “greatest satisfaction in life” was that he had spent years “gathering support, mustering the will to make this place meritocratic, corruption-free and equal for all races – and that it will endure beyond me, as it has”. Indeed, Singapore remains “the one corruption-free spot in a region where corruption is endemic”.

Fortunately, Huntington’s fears about the continued effectiveness of Lee’s corruption-free policy after his death are unfounded because Singapore has remained the least corrupt Asian country on the CPI from 2016-2021. Lee’s remarkable record in transforming Singapore from a Third World to a First World nation by 2000 through his pragmatic but incorrupt leadership has to be acknowledged. Lee appears to be the exception to Brown’s (2014, p. 362) argument that strong leaders who dominate their colleagues and the policy-making process are not the most successful and admirable. After Lee’s death in March 2015, many leaders in Singapore and abroad recognised his “unwavering dedication” to Singapore. Heng Swee Keat (2015, p. 42), Lee’s principal private secretary from 1997-2000, revealed that Lee “eats, lives and breathes Singapore” and “spends every waking moment thinking about how Singapore can continue to be successful”. Unlike Brown, Bueno de Mesquita and Smith (2011, p. 158) have recognised the contributions of Lee and China’s Deng Xiaoping as the world’s “two greatest icons” among authoritarian leaders who were incorrupt and eschewed a lavish lifestyle.

During the CPIB’s 60<sup>th</sup> anniversary celebrations in September 2012, Prime Minister Lee Hsien Loong reaffirmed his government’s commitment to a zero-tolerance policy for corruption as “incorruptibility has become ingrained in the Singaporean psyche and culture”. Furthermore, “political leaders must continue to set high standards of honesty and integrity” and Singaporeans must continue to reject corruption because “this reflects the society we want to live in, and the values we hold ourselves to” (Lee, 2012, p. A23).

In the final analysis, Singapore succeeded in minimising corruption mainly through Lee Kuan Yew’s herculean efforts in transforming corruption as a way of life to corruption as a fact

of life by making corruption a high-risk, low reward activity by punishing impartially those found guilty of corruption offences, regardless of their position, status, or political affiliation. Whether other Asian countries can emulate successfully Singapore's effective anti-corruption recipe would depend mainly on whether their political leaders have the strong political will and capacity to implement the necessary reforms to address the causes of corruption.

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# Leadership and anti-corruption reforms in Taiwan: a comparison of Chen Shui-bian and Ma Ying-jeou

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Received 2 February 2022  
Revised 23 May 2022  
Accepted 17 June 2022

## Abstract

**Purpose** – This article analyzes the implementation of anti-corruption reforms in Taiwan by two former presidents, Chen Shui-bian (2000-2008) and Ma Ying-jeou (2008-2016).

**Design/methodology/approach** – A three-tier research approach, including in-depth interviews, questionnaire survey, and descriptive and inferential analysis, is adopted. In addition to Chen and Ma, 11 senior anti-corruption officials who served under both presidents were interviewed by the author. The survey questions cover 12 factors which are later grouped into the five dimensions of ethical leadership, considerate leadership, delegating leadership, participatory leadership, and performance to illustrate the causal relationship between these dimensions and performance.

**Findings** – Ma's personal ethics are distinct from Chen's in kind but Ma's overall leadership and performance outshine Chen's in degree rather than in kind. While the gap of ethical leadership between two Taiwan presidents is significantly wider than other dimensions of leadership, the outcome of the national integrity is not proportionate to the ethical leadership gap. In other words, personal ethics are not automatically transformed into political will for enhancing anti-corruption effectiveness. Three popular forms of corruption, red envelopes (bribing), influence-peddling, and vote-buying are analyzed in the context of changing political culture through national leadership. Unfortunately, both Chen and Ma produce insignificant contributions based on public surveys.

**Originality/Value** – Policy-makers and scholars can use these research findings to further explore how ethical leadership can enhance a country's anti-corruption performance.

**Keywords** Agency Against Corruption, Ministry of Justice Investigation Bureau, Taiwan president, Leadership, Personal ethics, Political culture

**Paper type** Research paper

## Introduction: domestic public perceptions

Taiwan's former presidents Chen Shui-bian (2000-2008) and Ma Ying-jeou (2008-2016) are two iconic national leaders during the post-martial-law era. In the context of democratization, Chen is the elected head of state symbolizing the first rotation of ruling parties in Taiwan and, to some extent, in the Chinese-speaking world. Ma as Chen's immediate successor is the only national leader of Taiwan who held a summit with his Chinese counterpart, Xi Jinping, in Singapore in 2015. This was the first such summit since the end of China's civil war in 1949. Given their different political ideologies, Chen and Ma were fundamentally different in foreign policy and cross straits policy. However, regarding national integrity and anti-corruption, both Chen and Ma vowed to reform and eradicate corruption through legislation and the establishment of a new anti-corruption agency (ACA).



This article examines the impact of national leadership on the outcome of anti-corruption reforms based on in-depth interviews with two former Taiwan presidents and a questionnaire survey of 11 former senior anti-corruption officials. The retired civil servants' views reflect the frontline official observations and perceptions, which have rarely been explored in previous literature on Taiwan.

Anti-corruption is a convenient slogan for politicians as both Chen and Ma vowed to eradicate corruption in their campaign platforms and at the beginning of their presidencies. Ironically, public opinion polls show that both presidents earned poor ratings in anti-corruption related policy and practice (*Liberty Times*, 2016). Studies show that the worsening public perceptions on corruption after the lifting of martial law in 1987 resulted from these three variables: encounter with government bureaucracy, party identity, and the effect of the media (Yu *et al.*, 2013). While the free press is beyond the government's jurisdiction, bureaucracy and party ideology are the part of political culture, which is influenced by the political leader.

Table 1 shows that among various governance indicators in their respective presidential tenure, Chen's approval rating on "advance government integrity" is 14 per cent compared with Ma's 31 per cent. Chen's lower satisfaction rate reflects the negative legacy of his family's corruption scandals. Among the 14 governance indicators, Ma's government integrity performance is ranked 7<sup>th</sup> with 31 per cent satisfaction and 57 per cent dissatisfaction. This means that the majority of the public disapprove of Ma's anti-corruption performance.

The unprecedented massive protest by the Red Shirt Movement in Taiwan between 16 August and 20 September 2006 broke the record with a million protesters against incumbent president Chen's family corruption. Public opinion polls on the presidents' approval ratings are abundant in Taiwan. However, so far the literature analyzing Taiwan's national leadership and their anti-corruption performance is limited. This article attempts to rectify this research gap by evaluating Chen's and Ma's different approaches to combating corruption.

	Chen's tenure (2000-2008) 5/13/2008 N=1,072	Ma's tenure (2008-2016) 5/9/2016 N=1,024				
	Satisfaction %	Satisfaction %	Dissatisfaction %	No comment %	Satisfaction ranking	Dissatisfaction ranking
1. Handle cross-strait relations	21	47	44	9	1	12
2. Ethnic integration	26	44	43	14	2	13
3. Transportation infrastructure	59	43	42	16	3	14
4. Explore diplomacy	12	38	50	12	4	9
5. Environmental protection	41	37	46	17	5	11
6. Promote social welfare	40	34	50	15	6	9
7. Advance government integrity	14	31	57	12	7	8
8. Improve law & order	24	31	61	9	7	6
9. Eradicate money politics	17	26	62	12	9	5
10. Judicial fairness	16	23	66	11	10	4
11. Improve financial policy	17	22	61	16	11	6
12. Improve economic development	13	21	71	8	12	2
13. Education reform	12	17	70	13	13	3
14. Narrow the wealth gap	-	14	76	10	14	1

Note: These opinion polls were conducted by the TVBS during the final months of two presidents, Chen and Ma, respectively and quoted by the *Liberty Times*, a leading newspaper in Taiwan. Indicator 14 "Narrow the wealth gap", was excluded from Chen's public opinion poll  
Source: *Liberty Times* (2016)

**Table 1.**  
Approval ratings of  
governance  
performance of Chen  
and Ma

**Literature review: international assessment**

Leadership matters for ensuring good governance in an organization. It is even more essential to lead the country when it is in a developing state without an adequate rule of law (Hechanova and Manaois, 2020; Hope, 2017; Klitgaard, 2004). U.S. Secretary of State Antony Blinken (2021) states that “corruption allows bad actors to abuse their authority and extract unfair gains at the expense of others”. Leadership in an organization has profound influence on the outcome of corruption tendencies because of the lack of checks and balances (Pearce *et al.*, 2008). Wesche *et al.* (2010) found that leadership corruption results from the interplay of individual, organization, and extra-organizational factors. Using cost-benefit analysis to explain the corrupt acts committed by the leaders, they found that the probability of corruption is high when the benefit clearly outweighs the cost. Corruption studies in African countries suggest a similar conclusion between leadership and corruption or poor governance (Nicolaidis and Duho, 2019; Mantzaris, 2016; Naidoo, 2012; Ogbeidi, 2012). These studies may not automatically apply to Asian countries but can serve as a reference of causal relationship between leadership and governance.

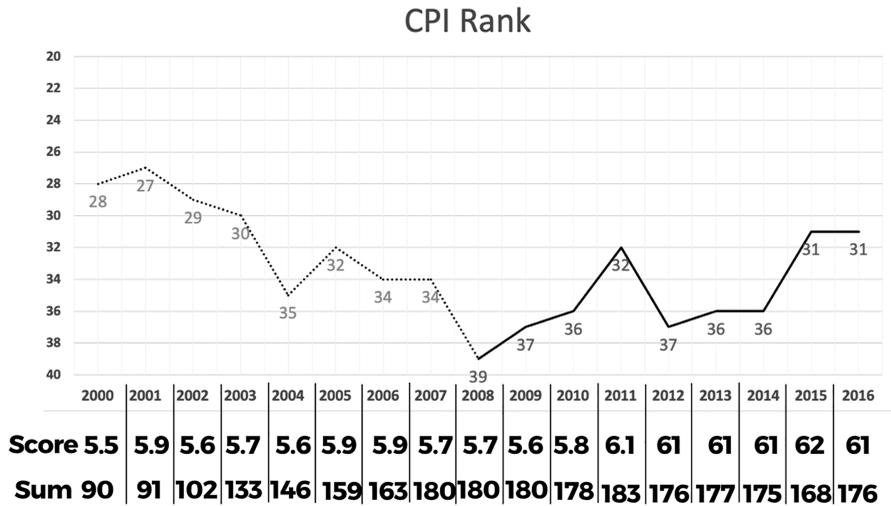
Anazodo *et al.* (2015) found that leadership failure, corruption, and poor governance contribute to a development quagmire even though Nigeria has abundant natural resources. A similar study in Pakistan suggests that “ethical managerial leadership can reduce corruption in public organizations in developing countries” (Bashir and Hassan, 2020). They propose that ethical leadership is especially needed when there is an unfair reward system in developing countries.

The above-mentioned literature indicates that leadership can minimize corruption. However, there is limited literature on the causal relationship between ethical leadership and their actual anti-corruption performance. Hanapiyah *et al.* (2018) found that employee compensation as mediator and employee age as moderator affect the corruption level of a company. This article examines two Taiwanese leaders and the efficacy of their national integrity reforms based on the aggregate evaluation of 11 senior civil servants in charge of anti-corruption investigations during their administrations.

The following section examines the international assessment of Chen’s and Ma’s performance based on Transparency International’s Corruption Perceptions Index (CPI) scores and the author’s in-depth interviews and questionnaire survey findings (see Figure 1).

During Chen’s presidency (2000-2008), there was a deteriorating trend in the CPI rankings. The worst CPI ranking for Taiwan was its 39<sup>th</sup> ranking in 2008, which reflected the scandals involving Chen’s family corruption during his second presidential term (2004-2008). After Ma assumed office in 2008, Taiwan’s CPI rankings gradually improved. There was a significant improvement during 2011 in Taiwan’s CPI performance from its 36<sup>th</sup> to 32<sup>nd</sup> ranking because of the establishment of a new ACA, the Agency Against Corruption (AAC), by Ma. In 2012, Taiwan’s CPI ranking declined from 32<sup>nd</sup> to 37<sup>th</sup> with the arrest and indictment of Executive Yuan Secretary-General Lin Yi-shih (Deputy Chair of the Kuomintang [KMT]), who had demanded US\$2 million from a local businessman in exchange for a lucrative state-owned enterprise contract (*Taipei Times*, 2012). This grand corruption case along with other investigations on the ruling party’s members resulted in lowering Taiwan’s CPI rankings. Nonetheless, the CPI scores during Ma’s administration were slightly better than during Chen’s.

The international assessment using the CPI indicates the different perceptions of the two presidents, which match the domestic public opinion polls conducted by the TVBS as shown in the previous section. To analyze the relationship between leaders in Taiwan and their national integrity performance, the author of this article conducted two interviews and a questionnaire survey as indicated below.



**Figure 1.**  
Corruption Perceptions  
Index scores of  
President Chen (2000-  
2008) and President Ma  
(2008-2016)

Note: Starting in 2012, the CPI scoring method was changed from decile rank to percentile rank. The sum is the total of countries assessed  
Source: Transparency International (2022)

### Methodology

The methodology for this article relies on in-depth interviews, a questionnaire survey, and descriptive and inferential analysis. Trust and professional dialogue are two essential ingredients for capturing the nuances during in-depth interviews. Thanks to the long-term public and private partnerships in corruption studies in Taiwan, the author has extensive connections with senior anti-corruption officials, including prosecutors and the agents from both the AAC as well as the Ministry of Justice Investigation Bureau (MJIB). The interviewees were carefully selected based on anonymity, retirement (to avoid retaliation), public service experience (in-field anti-corruption experience), and service period (all must have served under both Presidents Chen and Ma). This prudent selection process ensures objectivity and insightful information.

The first phase of research began with all 11 interviewees between July and August 2021. The exclusive face-to-face personal interview with President Chen and the written interview with President Ma were conducted respectively in August and September 2021. The second phase consisted of the completion by the selected interviewees of an online questionnaire comprising a five-point Likert scale focusing on leadership and national integrity performance. They were required to substantiate their scores with detailed comments. The third phase of the research was the comparison of the views of the interviewees with the self-assessments of the two presidents.

### Interviews with Presidents Chen and Ma

The rise of presidents Chen and Ma signifies two distinct career paths of Taiwan politicians: grassroots vs. elite bureaucrat. Table 2 shows that Chen rose through various elections and his long-term party affiliation with the Democratic Progressive Party (DPP), the most influential opposition party prior to his victory in the presidential election in 2000 (Office of the President, 2022). Chen is known for aggressively challenging the then ruling party, the KMT, throughout his political career.

<b>CHEN Sui-bian</b>		<b>MA Yin-Jeou</b>	
Male	<i>Gender</i>	Male	
age 72 (12 October 1950)	<i>Age (birth date)</i>	age 72 (13 July 1950)	
Guantian District, Tainan County, Taiwan	<i>Birthplace</i>	Yau Ma Tei, British Hong Kong	
National Taiwan University (LLB)	<i>Education</i>	Harvard University (S.J.D.) New York University (LLM) National Taiwan University (LLB)	
Mayor of Taipei (December 25, 1994 – December 25, 1998)		Mayor of Taipei (December 25, 1998 – December 25, 2006)	
Member of the Legislative Yuan (February 1, 1990 – December 25, 1994.) Taipei City Councilor (December 25, 1981 – September 28, 1985.) Defense lawyer for political activists in Kaohsiung Formosa Incident (1979)	<i>Major Political Experience</i>	Minister of Justice (February 27, 1993 – June 9, 1996) Vice Chair of Mainland Affairs Council (1988–1991) English Secretary for President Chiang Ching-kuo (1981–1988)	
Democratic Progressive (DPP)	<i>Party Affiliation</i>	Kuomintang (KMT)	
Pro-independence	<i>Political Ideology</i>	Pro-unification (with China)	
May 20, 2000 – May 20, 2008	<i>Presidential Terms</i>	20 May 2008 – 20 May 2016	
Source: Office of the President (2022)			

**Table 2.**  
Personal data of  
President Chen and  
President Ma

Ma is an icon among political elites in Taiwan. He began his career working as the late President Chiang Ching-kuo's English secretary/translator during the martial law period (Office of the President, 2022). Ma's position as secretary to President Chiang was advantageous for his subsequent political career. Ma had an Ivy League education (Harvard Law School) and was respected for his self-discipline and charming personality. His election experiences as Taipei City's mayor and as president were mostly passive responses to public expectations because of his personal charm and the ruling party's winning strategy.

The summary of the two presidents' interviews is shown in Table 3. These are personal recollections of their anti-corruption performance. During the two-hour face-to-face interview on 31 August 2021, Chen was in great spirits (even though he was on medical parole while

	Chen Shui-bian (2000-2008)	Ma Ying-jeou (2008-2016)
Recount of national integrity achievements	<ol style="list-style-type: none"> <li>(1) Ended money politics by appointing Chen Ding-nan, a renowned integrity icon, as the justice minister.</li> <li>(2) Initiated the draft of legislation of a new ACA but consistently failed during his presidency because of opposition party objection in parliament.</li> <li>(3) Established the “Money Politics Eradication Action Center” to tackle money politics (Supreme Prosecutors Office, 2019).</li> <li>(4) Dealt with a hostile political culture by assuming the chair of the ruling DPP and consolidating power and mobilizing parliamentary support.</li> <li>(5) Led the wave and mobilized public support by setting various anti-corruption agendas.</li> <li>(6) During the face-to-face interview, Chen repeatedly blamed the corruption investigations of him and his family as the political motivations by the Money Politics Eradication Action Center under the Supreme Prosecutors Office, which he described as the “Judicial Red Guard”.</li> </ol>	<ol style="list-style-type: none"> <li>(1) Established the Central Integrity Committee under the Executive Yuan in 2008.</li> <li>(2) Promulgated the Ethics Guidelines for Civil Servants in 2008.</li> <li>(3) Promulgated the National Integrity Infrastructure Action Plan in 2009 based on Transparency International’s National Integrity System (NIS).</li> <li>(4) Established the AAC under the Ministry of Justice in July 2011.</li> <li>(5) Established the Ethics Office in the Ministry of National Defence in 2013.</li> <li>(6) Promulgated the Act to Implement the United Nations Convention against Corruption in 2015 (Ministry of Justice, 2015).</li> <li>(7) Initiated the Integrity Quality Control Circle (IQCC) in every ministry and pursued accountability to principals and ethics officers during his second term. The Integrity Committee was required to convene every other month during 2012-2016.</li> </ol>

Source: Author’s interviews with Chen on 31 August 2021 and Ma in September 2021

**Table 3.**  
Summary of interviews  
with Presidents Chen  
and Ma

-serving a prison sentence for multiple corruption offences) and highlighted his achievements in detail as shown in Table 3. Similarly, Ma provided written answers with lengthy descriptions of his anti-corruption performance in September 2021 in response to the author’s interview questions.

Chen and Ma are both lawyers by training, which enables them to acquire logical thinking and debating skills. These legal professional capabilities in addition to their personal attraction produced a unique political charisma. In turn, such qualities successfully translated charisma into their success in presidential elections and a high degree of approval ratings in the early stage of presidential office, but did not necessarily produce a significant positive impact in building or reforming national integrity.

During the interview, Chen emphasized at great length his initiation of legislation to establish Taiwan’s first ACA during his two presidential terms. Chen criticized Ma for objecting to his proposed initiation of the ACA but later implemented Chen’s proposal himself. Chen is also proud of delegating power in 2000 to an integrity icon, the late justice minister Chen Ding-nan, to strengthen anti-corruption investigation. Chen blamed the failure of passing the legislation to create the ACA to the objection in parliament from members of the opposition party, the KMT. He also insisted on several occasions that Minister Chen Ding-nan’s sudden resignation in 2005 was a personal decision and not based on political considerations.

On the other hand, in the written interview Ma was proud of establishing a brand new ACA, the AAC, under the Ministry of Justice in 2011 in addition to the existing MJIB. He

firmly believed that a dual system of ACAs could facilitate national anti-corruption efficacy although research has shown that there was sibling rivalry between the AAC and MJIB (Ko *et al.*, 2015). Ma was also the first president to promulgate the “Ethics Guidelines for Civil Servants”, which required all civil servants and military personnel to register and report gift-giving, influence-peddling, dining or feasting, and other unethical behaviour to their in-house ethics unit. All of these self-descriptive achievements by two former presidents provide useful information but their validity can be checked by the facts reported in the news articles. This paper applies an innovative approach of insiders’ evaluation to provide another perspective of what actually happened.

### Interviews and survey with insiders

To assess the validity of these two presidents’ respective national integrity performance, the 11 male interviewees were chosen on the basis of their anti-corruption experience under both presidents. These interviewees were interviewed by the author between July and August 2021 for more than two hours each under the condition of anonymity. The author interviewed them again on 18-20 January 2022 to request them to complete an on-line questionnaire. The aim of the survey is to focus on relationship between leadership and national integrity performance. The profiles of the 11 interviewees are provided in Table 4.

The questionnaire (see Appendix 1) is designed to test the causal relationship between leadership and the outcome of national integrity performance. Leadership is an abstract concept, which refers to the ability to influence and guide followers or other members of an organization. Stogdill and Coons (1957) provides a dichotomous assessment by dividing leadership into the two categories of advocacy and consideration, with a total of 12 dimensions. The advocacy category includes production emphasis, initiating structure, representation, role assumption, persuasiveness, and superior orientation. The consideration category includes tolerance of uncertainty, tolerance of freedom, consideration, demand reconciliation, integration, and predictive accuracy.

This research questionnaire is based on Stogdill and Coons’ (1957) questionnaire, with two modifications. The first change was to consolidate the two dimensions (tolerance of uncertainty and tolerance of freedom) into one (full degree of delegating power) and the second change was the addition of a new dimension (the degree of personal integrity). The questionnaire asks the 11 interviewees to evaluate 12 dimensions (leadership and performance) by assigning their satisfaction level of the individual factors. The level of assessment is divided into a five-point Likert scale: very satisfied, satisfied, moderate, dissatisfied, and very dissatisfied. In addition to scaling, the interviewees were also asked to

Respondent (anonymity)	Years of public service on anti-corruption investigations	Years of retirement as of January 2022
1	33	4
2	31	1
3	37	3
4	28	2
5	12	11
6	30	3
7	39	3
8	34	4
9	33	5
10	41	2
11	40	3

**Table 4.**  
Profiles of the 11 male  
interviewees

Source: Compiled by the author based on the 11 interviewees’ responses

provide cases or comments (qualitative description) for each dimension. Each Likert scale is assigned scores from 1 (very dissatisfied) to 5 (very satisfied). The score of each dimension is the average of the aggregate 11 responses. The numbers in brackets indicate the differences between Chen and Ma (see Table 5).

<p><b>1. Your evaluation on personal integrity of Presidents Chen and Ma.</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>1.63 / 5</b>      <b>(2.37)</b>      <b>4 / 5</b></p> <p><b>2. Your evaluation on their respective performance of national integrity Infrastructure.</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>2.75 / 5</b>      <b>(0.79)</b>      <b>3.54 / 5</b></p> <p><b>3. Your evaluation on their respective contributions to institutionalization of integrity.</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>3 / 5</b>      <b>(0.54)</b>      <b>3.54 / 5</b></p> <p><b>4. Are they personally the best spokesperson (representative) of integrity?</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>1.63 / 5</b>      <b>(2.18)</b>      <b>3.81 / 5</b></p> <p><b>5. Do they have the courage to assume responsibility of leading national integrity infrastructure?</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>2 / 5</b>      <b>(0.72)</b>      <b>2.72 / 5</b></p> <p><b>6. Are they persuasive to promote integrity infrastructure?</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>2.09 / 5</b>      <b>(1.36)</b>      <b>3.45 / 5</b></p>	<p><b>7. Do they have the determination to adopt a top-down approach in pronoting integrity infrastructure?</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>2.09 / 5</b>      <b>(1.45)</b>      <b>3.54 / 5</b></p> <p><b>8. Do they fully delegate power to subordinates to promote integrity infrastructure?</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>2.45 / 5</b>      <b>(0.91)</b>      <b>3.36 / 5</b></p> <p><b>9. Do they consider anti-corruption officials?</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>2.45 / 5</b>      <b>(0.55)</b>      <b>3 / 5</b></p> <p><b>10. Are they good at coordinating national integrity infrastructure?</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>2.27 / 5</b>      <b>(1.73)</b>      <b>4 / 5</b></p> <p><b>11. Are they good at integrating anti-corruption agencies?</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>2 / 5</b>      <b>(0.9)</b>      <b>2.9 / 5</b></p> <p><b>12. Can they precisely achieve the goals of national integrity infrastructure?</b></p> <p><b>Chen Shui-bian</b>      <b>Ma Ying-jeou</b></p> <p><b>2.27 / 5</b>      <b>(1)</b>      <b>3.27 / 5</b></p>
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Note: The differences in scores are indicated within brackets  
Sources: Compiled by the author based on the 11 interviewees' responses

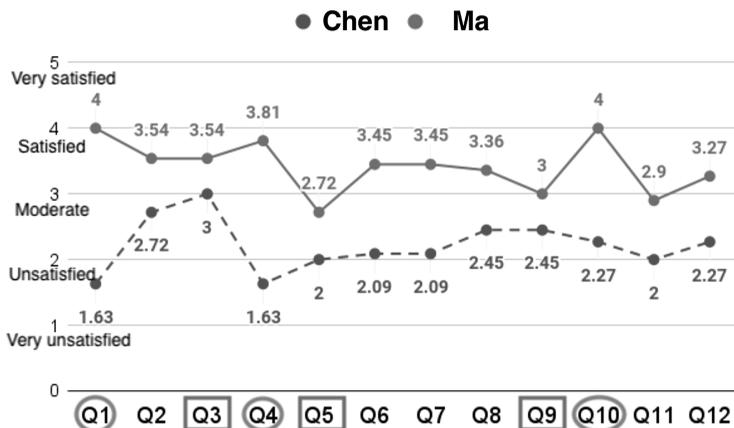
**Table 5.**  
Scores for Chen and Ma  
for leadership and  
integrity performance

**Findings**

Figure 2 illustrates the gaps between Chen and Ma. These 11 insiders' evaluation presents a steady trend of gaps between the two presidents. Ma's average scores across 12 dimensions are consistently higher than Chen's. The moderate score of 3 presents a watershed between the two presidents. Ma's 12 scores are largely within the range between moderate and satisfactory except Question 5 (2.72/5 courage to assume responsibilities) and Question 11 (2.9/5 effectiveness at integrating ACAs). Chen's 12 scores, on the other hand, are consistently lower than moderate and largely fall in the range between moderate and unsatisfactory except Question 1 (1.63/5 evaluation of personal integrity) and Question 4 (1.63/5 integrity representativeness). Both questions are two sides of the same coin in terms of grouping the concept of ethical leadership, which evaluates personal integrity and integrity representativeness.

The nuances of this questionnaire outcome lie in the comparison. While the gap in ethical leadership (Questions 1 and 4) is distinct between the two presidents, the gaps of the remaining 10 dimensions (evaluating other dimensions of leadership and performance) are not logically as wide as the author expected. The differences in scores across the remaining 10 dimensions are within two points. If the "significant difference" is set by the author at two points, none of all the other leadership and outcome of performance dimensions are as significantly different as the dimension of ethical leadership.

Further findings compare the various factor scores between the two presidents provided by the interviewees. Among the 12 dimensions shown in Table 5 and Figure 2, the top three major differences in scores between Chen and Ma are found in the responses to Questions 1, 4 and 10 (marked in circles). While responses to Question 10 show a gap of 1.73 between Chen and Ma for the dimension of coordination of national integrity infrastructure, which is within the range of the author's definition of "insignificant difference". Adding Question 1 (personal integrity) and Question 4 (integrity representativeness) together, all the interviewees agree that Ma's personal integrity is rated as either very satisfied or satisfied with only one interviewee expressing a moderate score while Chen's integrity is unanimously rated as below moderate (from moderate to dissatisfied and very dissatisfied). The sharp contrast of both presidents' personal image of integrity in the eyes of the 11 interviewees matches public perceptions in various public surveys (*Liberty Times*, 2016).



**Figure 2.**  
Differences between two presidents' leadership and national integrity performance

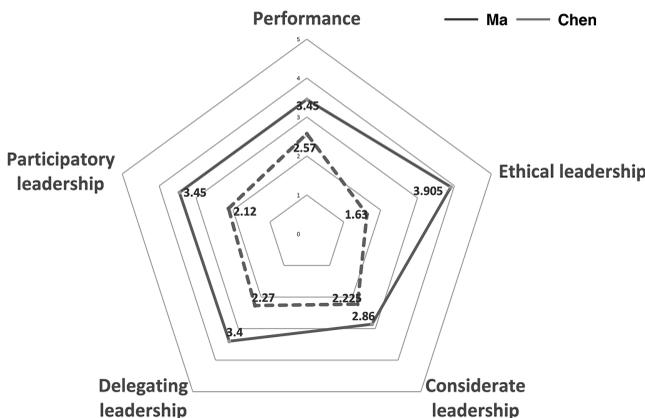
Source: Compiled by the author based on the responses of the 11 interviewees

Questions 3, 5 and 9 (marked in rectangles in Figure 2) show the narrowest gaps in scores between Chen and Ma. Question 3 refers to the institutionalization of anti-corruption reforms, which shows the smallest gap at 0.54. Both presidents' scores are slightly higher than moderate but lower than the satisfied level. Question 5 with the difference of 0.72 refers to courage to assume responsibilities, and Question 9 with a 0.55 gap refers to caring for the subordinates. Combining Questions 5 and 9, the dimension of considerate leadership is illustrated in Figure 3, which shows that both presidents are under-evaluated by all the insiders regarding being considerate to subordinates. Overall, comparing the ratings shows a consistent pattern, with Ma's ratings being higher than Chen's. However, although Chen's and Ma's personal integrity ratings are significantly different, the evaluation of their contributions to national integrity performance differs only slightly.

As an overview, with the exceptions of the average ratings of Ma for Questions 1 and Question 10, the average ratings given to both presidents for the remaining 10 questions were below 4 ("satisfied"). These responses imply either rigid scrutiny standards or a high level of frustration toward both presidents according to the responses to the questionnaire and the author's in-depth interviews and the descriptive comments made by the interviewees.

Further evidence can be provided based on the 11 interviewees to illustrate the gambler's personality of Chen and Ma's prudent bureaucrat's personality. Chen built his career path through various elections from Taipei City Councilman to congressman (Member of Legislative Yuan) to Taipei Mayor to the presidency. These electoral experiences empowered Chen's ability to mobilize public support through agenda-setting. During the author's interview, Chen was aggressive and outspoken as he was in the past, and was proud of being a leader with the three characteristics of "aggressiveness, resilience, and gambler", which correspond to his output, such as appointing an iconic justice minister, delegating power to eradicate money politics, and participating in two presidential elections in the midst of relatively low approval ratings. While two interviewees did not make their comments, other nine interviewees were expressively disappointed with Chen's family corruption scandals and the ineffectiveness of national integrity performance because of the lack of determination and effective mechanism.

Ma, known for his self-discipline, prudence, and frugality, is an elite bureaucrat who benefited from the KMT's long-term dominance, his Ivy League education, and handsome



Source: Compiled by the author based on the 11 interviewees' responses

**Figure 3.**  
Radar map of two  
Taiwan presidents'  
leadership and national  
integrity performance

appearance. Ma's personal integrity is unanimously acknowledged by all the interviewees. Prior to assuming the presidential office in 2008, Ma was proud of wearing his ten-year-old Rockport leather shoes with three-time patches (*Apple Daily*, 2008). Several interviewees observed that the Red Shirt Movement against Chen's family corruption in 2006 gave Ma an unprecedented window of opportunity to launch his national integrity reforms. While taking the anti-corruption wave to win the landslide presidential election in 2008, Ma mishandled this golden opportunity to launch sustainable reforms because of his lack of political will, failure to appoint appropriate personnel, and the weak enforcement of the rule of law. These weaknesses were the result of Ma's "lack of vision and strategic ability", according to an interviewee who was a long-term subordinate working directly under him.

Although some concrete outputs, such as agency-building (the AAC) and in-house bi-monthly integrity committees were put into place, their effectiveness has not met the insiders' expectations. Ma's prudence and self-disciplined integrity are a double-edged sword. He keeps himself clean of any corruption suspicion. However, Ma's lack of delegating powers hinders effective reforms against vested interest groups within the KMT and his subordinates consistently feel frustrated because of the lack of adequate rewards. According to an international expert assessment of the new ACA, the AAC has been described as a paper tiger due to lack of resources and political will (Quah, 2015, 2020). In short, these two presidents' distinct leaderships generate different degrees of performance on national integrity reforms but, in the eyes of insiders, the performance of each did not meet their expectations.

Figure 3 reveals insights of 11 insiders' survey responses, which are rarely heard from the general public or the news media. Most of senior civil servants are either sensitive to express personal assessment regarding their superiors or concerned over retaliation. These interviewees participated in the interviews and survey in an open-minded manner due to their long-term trust with the author.

The radar chart of Figure 3 is based on 12 dimensions, which are categorized into five categories, i.e., ethical leadership (Question 1 personal integrity and Question 4 integrity representativeness), considerate leadership (Question 5 assuming responsibilities and Question 9 caring), delegating leadership (Question 7 top-down approach and Question 8 delegating power), participatory leadership (Question 6 persuasion, Question 10 coordination and Question 11 integration), and the outcome of national integrity (Question 2 overall performance, Question 3 institutionalization, and Question 12 precise goal-reaching). The calculating formula is as follows: dimension score = (sum of Question scores)/number of Questions. For example, the ethical leadership dimension is the sum of Questions 1 and 4 and is then divided by two.

According to 11 insiders' response as shown in Figure 3, Chen consistently trails behind Ma on five dimensions. Nevertheless, none of the scores for these dimensions for two presidents reach or exceed 4 points, which refers to "satisfied" (and well below "very satisfied"). The dimension of ethical leadership shows the widest gap between Chen and Ma. It is worth noting that while the gap of ethical leadership is significantly different, the performance gap is narrower. It seems that personal ethics alone does not lead to high positive output of national integrity.

The considerate leadership dimension received the lowest average score for both presidents. All 11 interviewees expressed dissatisfaction (below moderate) regarding the two leaders' assuming responsibilities and caring for subordinates. Interestingly, Chen was rated low for all four leadership dimensions but the ratings for his performance dimensions were better than those for the leadership dimensions. A reasonable explanation is that Chen's agenda-setting talents and delegation of leadership contributed to his performance although his family corruption scandals were seriously discussed and disapproved of by nine out of 11 interviewees. The other two interviewees did not specifically comment on Chen and his

family scandals but both expressed frustration with the wide gap between the words and deeds of Chen.

The final finding is the relationship between leadership and changes of political culture. Culture is a set of values and expectations. Thus, political culture is the values and expectations embedded in the general public towards the polity. Lucian Pye (1991) defines the political culture as “the composite of basic values, feelings, and knowledge that underlie the political process”. Methodologically values, beliefs, and opinions can be measured by conducting public opinion polls.

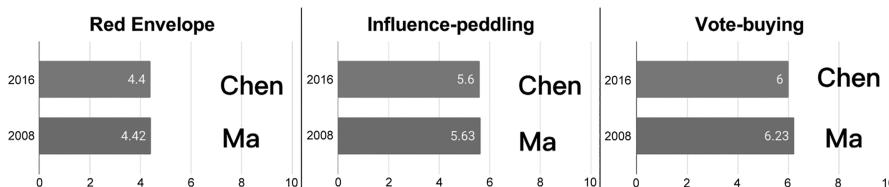
Figure 4 illustrates the changing public perceptions on three popular forms of political culture towards corruption. The AAC consistently commissions the same principal investigator, Professor Jun-Ming Chen, to conduct annual public opinion surveys on integrity governance since 2008. Thus, the data of annual surveys provide a valuable primary source of information for cross-sectional studies on public perceptions on corruption in Taiwan.

From scores of 0 to 10, the respondents in Figure 4 express different degrees of resentment towards various popular forms of corruption behaviours, including red envelopes (bribing officials), influence-peddling, and vote-buying. A score of 0 indicates that the problem is the least serious while a score of 10 shows that the problem is most serious. Two years were selected to compare and contrast the two presidents’ legacies. 2008 is the end of President Chen’s second term while 2016 is the final year of President Ma’s second term.

Across the three popular forms of corruption, Ma wins public approval slightly more than Chen, but there are no significant differences in public perceptions between them. Figure 4 indicates that the general public rates the seriousness of red envelopes in Chen’s administration as 4.42 vs. Ma’s 4.4. The score for influence-peddling for Chen is 5.63 vs. Ma’s 5.6; and Chen’s score for vote-buying is 6.23 vs. 6 for Ma. Considering the sensational national protest of the Red Shirt Movement against President Chen’s family corruption in 2006, President Ma’s approval rating on anti-corruption endeavours is not significantly higher than Chen’s approval rating.

The consensus of all 11 interviewees is that one of the few accomplishments of President Ma is the legislation in 2011 to create the AAC, which is empowered with the mandate to investigate corruption and command and control nation-wide government ethics officers. However, the AAC’s creation was resented by the MJIB and viewed with humiliation and distrust by its officers. Thus, Ma’s solution of addressing the high court judges’ bribery scandals by establishing the AAC created a new problem: endless turf battles between the two ACAs. The sibling rivalry between the AAC and the MJIB persists as an undercurrent hindering the synergy and efficacy of national anti-corruption investigations (Ko *et al.*, 2015).

Lastly, both Chen and Ma failed to change the negative political culture. According to two interviewees’ narratives, although personal integrity is sharply different, both Chen and Ma produced insignificant contributions in terms of changing the political culture concerning corruption. Chen is the first non-KMT politician who took the presidential office through democratic elections. He and his inner circle received quasi-campaign donations through a



Source: Compiled by the author based on public opinion polls published by the Agency Against Corruption (2022) in 2008 and 2016

**Figure 4.**  
National leadership  
and changes of political  
culture towards  
corruption in Taiwan  
in 2008 and 2016

private foundation linked to Chen when he was the mayor of Taipei City (1994-1998). After assuming the presidency in 2000, Chen and his trusted followers openly collected political donations in exchange for various lucrative positions such as political appointment, and posts in state-owned enterprises, and government-owned foundations. The numerous hearsay and negative news reports have contributed to the high degree of public dissatisfaction for Chen as shown in Figure 4.

Ma is at the opposite end of the spectrum of personal integrity in comparison with Chen. According to an interviewee with more than 30 years of public service, Ma's personal mistrust of other politicians combined with a high degree of personal integrity sets a unique model in Taiwan's political arena. "Ma shows no remorse [for] his immediate followers who are involved in corruption." Furthermore, "he is too clean to launch major reforms". His uniqueness is also a weakness because of his lack of vision to distinguish integrity from ability. The large number of his mediocre political appointees has resulted in inertia to maintain the status quo instead of making innovative policies. Consequently, the public views Ma as a weak national leader with no political will and not achieving significant progress in changing the political culture in Taiwan.

### **Conclusion and future research agenda**

The 11 interviewees of senior civil servants in charge of anti-corruption investigations under Presidents Chen and Ma have provided a valuable source of insider information and first-hand assessment to supplement the existing literature. Although there is no guarantee for their objectivity, the aggregate responses of all 11 interviewees in comparison with the public opinion polls provide a useful approach for verifying the two presidents' self-reflections and assessment of their performance.

It is also interesting to note the nuances between insiders and the general public. Public perceptions measured by both domestic and international surveys present a coherent trend, in which Ma's approval ratings in combating corruption outperform Chen's. However, only the insiders' interviews and the questionnaire survey reveal that Ma's personal integrity does not necessarily translate into "significant" national anti-corruption performance. The gap in performance between Chen and Ma is therefore not as wide as that relating to their ethical integrity.

This article adds a new dimension to the literature by examining national leadership and the outcome of national integrity in Taiwan. Current literature indicates that ethical leadership is essential to reduce corruption in the public sector (Bashir and Hassan, 2020). But this article finds that a national leader's personal integrity has only a minor rather than a significant impact on the reforms of the national anti-corruption programme. It echoes Jon Quah's (2021) long-term studies on the anti-corruption efforts of Asian countries. He emphasizes that the political will of the leader along with other external factors are the two important success factors for tackling corruption. Contrary to the conventional wisdom, which equates personal integrity with political will, this article argues that ethical leadership as reflected in personal integrity is just one of the many leadership dimensions for shaping political will.

Finally, both Chen and Ma emphasize the priority of anti-corruption measures during their respective presidencies in the interviews with the author. Nevertheless, the public opinion polls and the insiders' reflections converge coincidentally in expressing their dissatisfaction with the two presidents' anti-corruption performance. The lack of political will of both Chen and Ma is the key weakness in changing the political culture of red envelopes, influence-peddling, and vote-buying.

This research finds that ethical leadership and anti-corruption performance are not in a simple linear relationship. Ethical leadership alone does not guarantee a proportional

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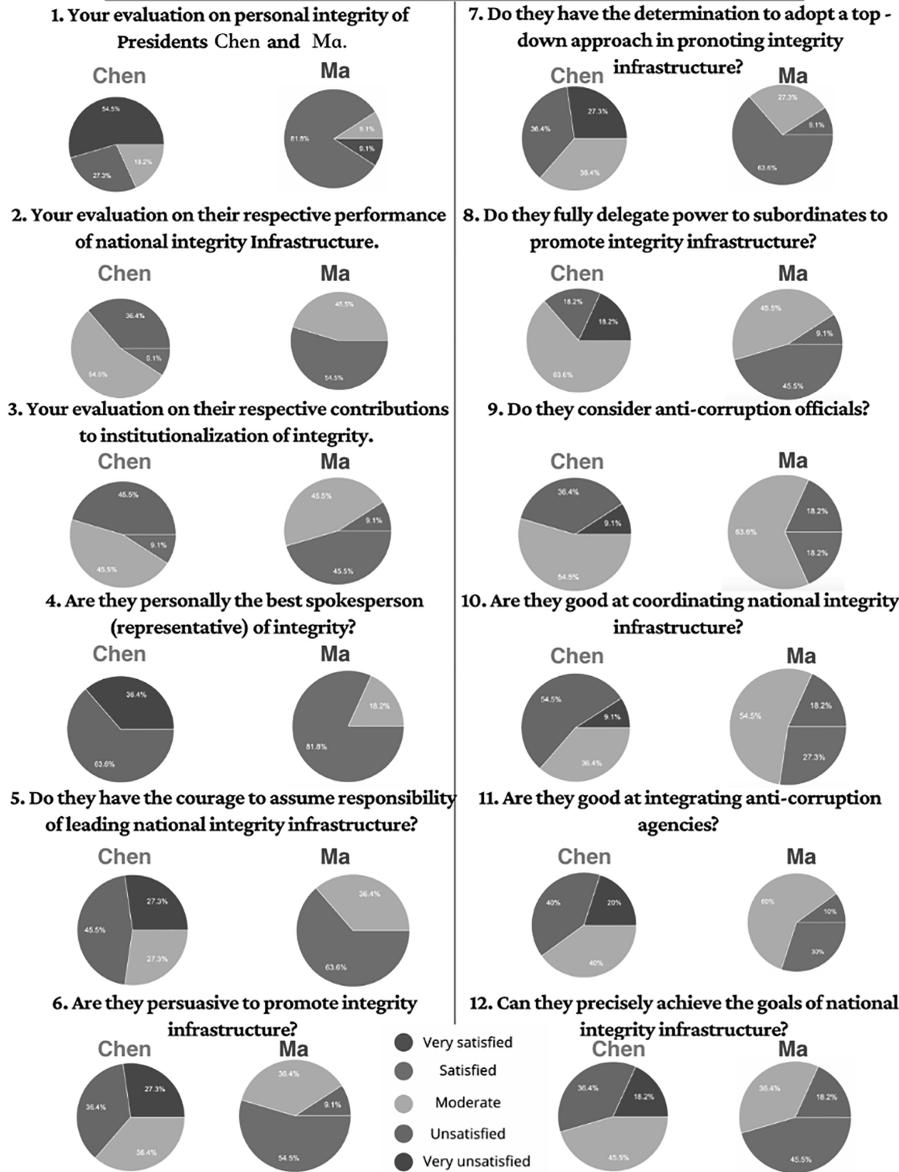
outcome of national integrity reforms. More moderating factors are necessary to ensure a positive outcome of national integrity reforms. Further studies are needed to identify the mechanisms for transforming personal integrity into political will and performance.

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### Leadership and National Integrity Infrastructure Performance



Source: Compiled by the author based on the 11 interviewees' responses to an on-line survey questionnaire on 18-20 January 2022

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# Leadership and culture in combating corruption: a comparative analysis

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culture

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Received 9 April 2022  
Revised 1 June 2022  
Accepted 17 June 2022

## Abstract

**Purpose** – This paper analyses the importance of leadership and culture in combating corruption in Hong Kong SAR, Japan, Malaysia, New Zealand, Singapore and Taiwan.

**Design/methodology/approach** – This paper is based on the comparative analysis of the effectiveness of the anti-corruption measures in the studies of six selected countries/regions in this special issue of *Public Administration and Policy*. The contributors in this special issue were invited because of their publications on combating corruption in the six countries/regions.

**Findings** – The critical variable ensuring the effectiveness of combating corruption is the strong political will of the leadership in changing the culture of corruption in the country/region by implementing a zero-tolerance policy toward corruption, as shown in Singapore and Hong Kong. In New Zealand's case, leadership plays a less important role because of the population's emphasis on equality and egalitarianism and its reliance on the Ombudsman and Serious Fraud Office to curb corruption. However, the corrupt leadership of Tanaka Kakuei in Japan, Najib Rajak in Malaysia, and Chen Shui-bian in Taiwan, demonstrates clearly their insidious impact of consolidating their kleptocratic rule in these countries/regions.

**Originality/value** – As the role of leadership and culture in combating corruption has not been given sufficient attention in the literature, this paper attempts to rectify this neglect by demonstrating that the political leaders in Singapore and Hong Kong, and to a lesser extent, New Zealand, have succeeded in minimising corruption while their counterparts in Japan, Taiwan and Malaysia, have failed to do so.

**Keywords** Anti-corruption agencies, Cultural values and practices, Leadership, Political will, Zero-tolerance policy toward corruption

**Paper type** Research paper

## Introduction

In reviewing the literature, Caiden (2012, p. 96) concluded that “the cultural dimension of corruption has been [neglected] for too long [and is] a poor relative of other studies”. Palmier's 1985 pioneering comparative study of anti-corruption measures in Hong Kong, India and Indonesia ignored the role of culture in combating corruption in these countries/regions. In contrast, Lipset and Lenz (2000, pp. 114, 120) have emphasized the relationship between values and corruption and argued that “cultural variables help explain and predict levels of corruption”. Similarly, Rose-Ackerman and Palifka (2016, pp. 233-271) devoted a chapter on corruption as a cultural problem but neglected the critical role played by leadership and political will in curbing corruption (Quah, 2017, pp. 321-323). However, Rotberg (2017, pp. 223-256) focused instead on the contribution of political will in combating corruption without analysing in depth the impact of cultural factors.

In his comparative study of political leadership in Italy and Japan, Samuels (2003, pp. 2-6) describes leaders as political actors with more assets for “stretching” the “constraints of

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The author would like to thank Professors Jin-Wook Choi and Krishna K. Tummala for their constructive comments on an earlier version of this paper.

Public Administration and Policy  
Vol. 25 No. 2, 2022  
pp. 193-207  
Emerald Publishing Limited  
1727-2645  
DOI 10.1108/PAP-05-2022-0043

geography and natural resources, institutional legacies and international location”. Constraints limit their choices and “stretching” refers to how these actors mobilize existing resources in new ways. Using Samuels’ definition, have the political leaders in Hong Kong Special Administrative Region (SAR), Japan, Malaysia, New Zealand, Singapore and Taiwan, succeeded or failed to stretch the constraints to minimise the problem of corruption in their countries/regions?

Senior (2006, pp. 184-185) contends that political leaders play a critical role in changing the culture of corruption by making the laws and allocating the funds for enforcing these laws. However, if they have accepted bribes to fund their parties and themselves, they would not cleanse their colleagues or their nation of corruption. If the incumbent government in a country were committed to curbing corruption, it should demonstrate its political will and capacity by providing the anti-corruption agency (ACA) or other equivalent agencies with adequate legal powers, personnel and resources to enforce the anti-corruption laws impartially, without political interference.

Furthermore, Senior (2006, p. 187) also observes that corrupt political leaders are unlikely to demonstrate the required political will to curb corruption because they would be “killing the goose that lays the golden eggs”. Since they “control and exploit everyone and everything for personal gain”, corruption enables them to transform the economy into “an instrument of leader wealth creation” and claim as their own “the fruits of the nation’s labor” (Ben-Ghiat, 2020, pp. 12, 144). Similarly, Kellerman (2004, pp. 38, 44) describes corrupt leaders as bad leaders who advance their self-interests above the public interest and “lie, cheat, or steal” to acquire more of scarce resources by bending the rules and breaking the law.

As both leadership and culture are important in combating corruption, the six articles in this special issue of *Public Administration and Policy* focus on how these variables explain the success of New Zealand, Singapore and Hong Kong in minimising corruption on the one hand, and the failure of Japan, Malaysia, and Taiwan, on the other hand. After selecting the six countries/regions to analyse their effectiveness in combating corruption, Quah invited scholars who have published on this topic to contribute articles for this special issue (see Johnston, 1999; Carlson and Reed, 2018; Jones, 2020; Gregory and Zirker, 2013; Quah, 2020a; Ko *et al.*, 2015). This article analyses the contribution of leadership and culture in minimising corruption in these countries/regions.

### Perceived extent of corruption and contextual differences

Table 1 shows that New Zealand, Singapore and Hong Kong have much higher Corruption Perceptions Index (CPI) scores and percentile ranks for the control of corruption than Japan, Taiwan and Malaysia. New Zealand has retained its joint first position with Denmark and Finland on the CPI in 2021. Singapore is ranked fourth jointly with Norway and Sweden. Hong Kong is ranked 12<sup>th</sup>, followed by Japan (ranked 18<sup>th</sup>) and Taiwan (ranked 25<sup>th</sup>). Not

**Table 1.**  
Performance of six countries/regions on the Corruption Perceptions Index (CPI) in 2021 and Control of Corruption in 2020

Country/Region	Corruption Perceptions Index 2021		Control of Corruption 2020	
	Score	Rank	Score	Percentile rank
New Zealand	88	1 <sup>st</sup>	2.15	98.6
Singapore	85	4 <sup>th</sup>	2.15	99.0
Hong Kong SAR	76	12 <sup>th</sup>	1.65	93.3
Japan	73	18 <sup>th</sup>	1.50	90.4
Taiwan	68	25 <sup>th</sup>	1.16	85.1
Malaysia	48	62 <sup>th</sup>	0.25	62.5

Sources: Transparency International (2022, pp. 2-3); World Bank (2021a)

surprisingly, Malaysia's performance on the CPI in 2021 has deteriorated in the wake of the 1Malaysia Development Berhad (1MDB) scandal as its rank has plummeted from 51<sup>st</sup> to 62<sup>th</sup> position, with its score declining from 51 to 48.

Apart from their perceived extent of public sector corruption, Table 2 describes the five significant contextual differences among the six countries/regions which affect the effectiveness of their implementation of anti-corruption measures.

First, in terms of land area, Singapore and Hong Kong are city-states of 709 sq. km and 1,050 sq. km in size, respectively. Second, both territories also have small respective populations of 5.68 million and 7.48 million. Only New Zealand has a smaller population, with 5.08 million persons inhabiting the third largest country of 263,310 sq. km. Third, except for Japan, which was not colonised, the British colonised Hong Kong, Malaysia, New Zealand and Singapore, and Taiwan was a Japanese colony for 50 years (1895-1945). Fourth, except for Malaysia, which has the lowest GDP per capita of US\$10,412, the other four countries/regions are highly affluent with GDP per capita incomes ranging from US\$59,797 for Singapore to US\$28,383 for Taiwan. Fifth, Japan and Malaysia are constitutional monarchies, New Zealand and Singapore are parliamentary democracies, Taiwan has a presidential democracy, and Hong Kong is a SAR of China since July 1997.

Table 3 also shows that New Zealand, Singapore, Japan and Taiwan are more politically stable than Malaysia and Hong Kong. The World Bank's indicator on political stability and absence of violence indicates in 2020 that New Zealand and Singapore have the highest percentile ranks (97.6 and 97.2), followed by Japan (87.3) and Taiwan (72.2). The lower percentile rank for political stability in Malaysia reflects its frequent changes of government during 2018-2021 and Hong Kong's lowest percentile rank for political stability is the result of its political unrest in recent years. Furthermore, New Zealand, Singapore, Japan and Taiwan also have much higher total percentile ranks for governance than Hong Kong and Malaysia.

In sum, the policy contexts of New Zealand, Singapore and Hong Kong (small land area or population, with high GDP per capita) are more favourable than the policy contexts of Taiwan, Japan and Malaysia (larger territories and populations with lower GDP per capita) for combating corruption.

### Effectiveness of anti-corruption measures in six countries/regions

There are three patterns of corruption control in the Asia Pacific countries/regions, depending on the anti-corruption measures employed, as shown in Table 4. The first pattern

Country/Region	Land area (sq. km)	Population (millions)	Colonial legacy	GDP per capita	Political system
Singapore	709	5.685	British	US\$59,797	Parliamentary democracy
Hong Kong SAR	1,050	7.481	British	US\$46,323	S.A.R. China
Taiwan	36,193	23.816	Japanese	US\$28,383	Presidential democracy
New Zealand	263,310	5.084	British	US\$41,441	Parliamentary democracy
Malaysia	328,550	32.366	British	US\$10,412	Constitutional monarchy
Japan	364,500	125.836	Not colonised	US\$40,193	Constitutional monarchy

Sources: CEIC Data (2022); World Bank (2021b; 2021c; 2021d); Worldometer (2021)

**Table 2.**  
Contextual differences among the six countries/regions, 2020

Country/ Region	Voice & accountability	Political stability	Government effectiveness	Regulatory quality	Rule of law	Control of corruption
New Zealand	1.60 (99.0)	1.49 (97.6)	1.59 (92.8)	1.88 (99.5)	1.88 (99.0)	2.15 (98.60)
Singapore	-20.0 (38.2)	1.47 (97.2)	2.34 (100)	2.21 (100)	1.88 (98.6)	2.15 (99.00)
Japan	0.99 (79.7)	1.04 (87.3)	1.60 (93.3)	1.35 (89.4)	1.53 (90.9)	1.50 (90.38)
Hong Kong SAR	0.04 (48.3)	0.09 (50.0)	1.66 (95.2)	1.79 (97.1)	1.59 (91.8)	1.65 (93.27)
Taiwan	1.10 (84.1)	0.77 (72.2)	1.59 (92.3)	1.37 (89.9)	1.27 (87.0)	1.16 (85.10)
Malaysia	-0.15 (40.1)	0.12 (50.9)	1.04 (82.2)	0.77 (74.0)	0.66 (73.1)	0.25 (62.50)

Country/Region	Total governance percentile rank
New Zealand	586.5
Singapore	533.0
Japan	530.98
Taiwan	510.6
Hong Kong SAR	475.67
Malaysia	382.8

Source: World Bank (2021a)

**Table 3.**  
Governance indicators  
and total percentile  
rank for the six  
countries/regions, 2020

Pattern	Features	Countries/Regions
1	Anti-corruption laws are not implemented by an ACA	<b>Japan, New Zealand</b> (2)
2	Anti-corruption laws are implemented by many ACAs	Afghanistan, Australia, China, India, Pakistan, Philippines, South Korea, <b>Taiwan</b> , Vietnam (9)
3	Anti-corruption laws are implemented by a single ACA	<b>Singapore, Malaysia</b> , Brunei Darussalam, <b>Hong Kong SAR</b> , Nepal, Sri Lanka, Maldives, Fiji, Thailand, Macau SAR, Indonesia, Lao PDR, Bangladesh, Bhutan, Mongolia, Timor-Leste, Cambodia, Myanmar, Solomon Islands, Papua New Guinea (20)

Source: Compiled by the author

**Table 4.**  
Patterns of corruption  
control in Asia Pacific  
countries/regions

of combating corruption that relies on other agencies instead of ACAs is practised in Japan and New Zealand. New Zealand relies on the Ombudsman and Serious Fraud Office (SFO) to enforce the anti-corruption laws. Japan depends on the Special Investigation Departments (SIDs) of the Public Prosecutors Office to investigate corruption offences.

The second pattern of relying on more than one ACA is found in Taiwan, which depends on the Ministry of Justice Investigation Bureau (MJIB) and the Agency Against Corruption (AAC). The other eight countries which rely on several ACAs are Afghanistan, Australia, China, India, Pakistan, Philippines, South Korea and Vietnam.

The third pattern was pioneered by Singapore when it formed the Corrupt Practices Investigation Bureau (CPIB) in September 1952 to replace its ineffective predecessor, the Anti-Corruption Branch (ACB) of the Singapore Police Force's Criminal Investigation Department. Table 4 also shows that pattern 3 is the most popular pattern because many Asia Pacific countries/regions have been attracted by the effectiveness of the CPIB and Independent Commission Against Corruption (ICAC) in curbing corruption in Singapore and Hong Kong, respectively (Quah, 2021, p. 20). Malaysia's Anti-Corruption Agency, which was established in 1967, was replaced by the Malaysian Anti-Corruption Commission (MACC) in 2009.

The effectiveness of these anti-corruption measures depends on two factors: (1) the adequacy of these measures in terms of their comprehensive scope and powers; and (2) the political will and capacity to minimise corruption in the country. Anti-corruption measures would be adequate and effective if they were properly designed to address the causes of corruption and be sponsored and sustained by the political leaders (Quah, 1982, p. 175). For example, Singapore's anti-corruption measures are adequate and effective because of the CPIB's impartial and consistent enforcement of the Prevention of Corruption Act (PCA). On the other hand, the 1MDB scandal in Malaysia reflects the MACC's failure to enforce the anti-corruption laws impartially. Relying on these two variables, a matrix of the anti-corruption measures in the six countries/regions can be constructed, as shown in Table 5.

Among the six countries/regions, New Zealand, Singapore and Hong Kong are more effective in minimising corruption, judging from their performance on the CPI in 2021 (see Table 1). New Zealand has retained its top ranking on the CPI in 2021 because of the effectiveness of the Ombudsman and SFO in minimising corruption and its emphasis on equality and egalitarianism. As shown in the fifth article by Quah, the effective CPIB constitutes an important component of Prime Minister Lee Kuan Yew's zero-tolerance policy toward corruption, which was initiated in June 1960 with the enactment of the PCA in Singapore. Similarly, Hong Kong has emulated Singapore in replacing the ineffective Anti-Corruption Office (ACO) of the Royal Hong Kong Police Force with the ICAC to combat corruption in February 1974. As the police in both British colonies were corrupt, the breakthrough in minimising corruption was achieved by rejecting the British colonial method of curbing corruption by preventing both corrupt police forces from controlling corruption after 1952 and 1974, respectively. Unlike Singapore and Hong Kong, the police in New Zealand were not corrupt, as indicated in the fourth article by Gregory and Zirker.

In the first article, Johnston explains why the ICAC has been effective in enforcing the Prevention of Bribery Ordinance (PBO) 1971 in Hong Kong, even after its handover to China as a SAR in July 1997. As mentioned above, Governor Sir Murray MacLehose established the ICAC in February 1974 to replace its ineffective predecessor, the ACO, in the wake of the escape of a corruption suspect, Police Superintendent Peter Godber to Britain on 8 July 1973. Governor MacLehose's leadership was critical because he accepted Sir Alastair Blair-Kerr's recommendation to consider public opinion and establish an independent ICAC for political and psychological reasons. Lethbridge (1985, pp. 101-102) describes MacLehose's decision as "path-breaking" because "governor after governor, committee after committee, had deferred to the police for a variety of reasons but principally because they feared a collapse of police morale if the control of corruption was handed over to an independent body". Even though Yep (2013, pp. 215-216) considers MacLehose to be "an accidental hero" rather than "a zealous reformer", his "key role in sanctioning the creation of the ICAC" should be acknowledged and his "unwavering budgetary support for the ICAC in subsequent years" has enhanced its effectiveness in combating corruption. Johnston concludes that the ICAC has been effective in curbing corruption in Hong Kong because of the extensive efforts of its Community Relations Department (CRD) to enhance the population's awareness of the adverse consequences of corruption.

Indicator	Adequate anti-corruption measures	Inadequate anti-corruption measures
<b>Strong political will</b>	Effective strategy (Singapore, New Zealand, Hong Kong SAR)	Ineffective strategy (No example as unlikely in reality)
<b>Weak political will</b>	Ineffective strategy (Malaysia)	"Hopeless" strategy (Japan, Taiwan)

Source: Adapted from Quah (1982, p. 175, Table 4)

**Table 5.**  
Matrix of anti-corruption measures in six countries/regions

Japan's structural corruption (*kozo oshoku*) (Bowen, 2003, p. 3) is built into its political system and results from the prevalence of money politics, which makes it among the most expensive in the world because Japanese political parties spend an average of over ¥900 billion (about £6.5 billion) per year on elections. As their official salaries are inadequate for financing their political activities, Diet members have to rely on their political parties to raise funds from firms, associations and individuals (Bouissou, 1997, pp. 133-134). Carlson has compared the different anti-corruption approaches of Prime Minister Tanaka Kakuei (1972-1974) and his successor, Miki Takeo (1974-1976) in the second article. He shows how Tanaka capitalised on the structural corruption in Japan to enhance the fortunes of the Liberal Democratic Party (LDP), his supporters and his political survival. In contrast, Miki was honest and sincere in reforming the corrupt Japanese political system but his two-years in power did not give him sufficient time to mobilise support and resources from his party to initiate and implement the necessary anti-corruption reforms to make a difference.

Japan signed the United Nations Convention Against Corruption (UNCAC) on 9 December 2003 and accepted it on 11 July 2017 (UNODC, 2021). As Articles 6 and 36 of the UNCAC require the State Parties to establish ACAs to deal with prevention and law enforcement against corruption (UNODC, 2004, pp. 10, 26-27), Japan's reluctance to ratify the UNCAC after more than 18 years reflects its government's reluctance to establish an ACA to replace the ineffective and inadequately staffed SIDs in Tokyo, Nagoya and Osaka (Quah, 2015, pp. 156-157). Indeed, the entrenched structural corruption in the Japanese political system is legitimised and accepted by many citizens and foreign residents as "part of the system" (Van Wolferen, 1993, p. 179).

Unlike the other five country/region studies, Gregory and Zirker criticise existing analyses of New Zealand's reputation of being a clean country for being biased and incomplete by ignoring the exploitation and discrimination of the Māori and their culture by the dominant European (*Pakeha*) New Zealanders. As the oppression of the Māori population by the *Pakeha* establishment is a form of corruption, they contend that relying only on New Zealand's performance on the CPI provides an ahistorical, mono-cultural and inaccurate picture of its perceived extent of corruption.

In the sixth article, Ko compares and evaluates the different approaches to combating corruption by President Chen Shui-bian (2000-2008) and his successor, President Ma Ying-jeou (2008-2016). Chen campaigned on an anti-corruption platform in the 2000 presidential election but became perhaps the most corrupt president in Taiwan's history. In contrast, Ma was more sincere in minimising corruption in Taiwan and established the AAC in July 2011 in response to the corruption scandal in July 2010 involving three High Court judges, a district prosecutor and a former Kuomintang (KMT) legislator (Quah, 2010, p. 89).

Taiwan's anti-corruption strategy is ineffective because of its irrational reliance on the MJIB and the AAC. The MJIB is a Type B ACA which performs both national security and anti-corruption functions. In contrast, the AAC focuses only on anti-corruption functions and is a Type A ACA. A government's political will in combating corruption is reflected in the budget and personnel that it allocates to the ACAs. Taiwan's anti-corruption strategy is irrational because the MJIB has been given a larger budget and more personnel than the AAC to combat corruption. More specifically, the MJIB's budget of US\$182.9 million was nearly 13 times larger than the AAC's budget of US\$14.2 million in 2017. Similarly, the MJIB had 2,339 personnel or almost 11 times more than the AAC's 214 personnel in 2017 (Quah, 2020b).

A comparison of the AAC's budget and personnel in 2014 with the budgets and personnel of the Hong Kong's ICAC and Singapore's CPIB, shows that the AAC's per capita expenditure of US\$0.59 is much lower than the ICAC's per capita expenditure of US\$16.59 and the CPIB's per capita expenditure of US\$5.36. This means that the per capita expenditures of the ICAC and CPIB are respectively, 28 times and 9 times larger than the AAC's per capita expenditure in 2014. In the same vein, the AAC's staff shortage is reflected in its highly unfavourable staff-

population ratio of 1:117,150 compared to the more favourable staff-population ratios of the ICAC (1:5,333) and the CPIB (1:26,682) (Quah, 2020b). In other words, unlike the CPIB and ICAC, which are independent watchdogs that investigate all corruption cases impartially, the AAC is a paper tiger that lacks the necessary budget and personnel to perform its anti-corruption functions effectively.

Malaysia's failure to curb corruption is manifested clearly in the 1MDB scandal involving Prime Minister Najib Rajak, who received US\$681 million in his private bank accounts in March 2013 (Wright and Hope, 2019, pp. 341-342). Malaysia during Najib's kleptocratic administration remains the poster child for rampant grand corruption among the six countries/regions, judging from its declining CPI scores in recent years. In the third article, Jones evaluates the anti-corruption measures introduced by Prime Minister Abdullah Badawi (2004-2009) and Najib and attributes their ineffectiveness to weak enforcement, the emphasis on prosecuting minor corruption offences, the obstacles in prosecuting major corruption offences, the culture of political interference in high profile corruption cases, and the close ties between ministers, political party leaders and their business cronies and associates.

In sum, the above analysis of the effectiveness of the anti-corruption measures in the six countries/regions is summarised in Table 5. First, the anti-corruption measures adopted in Singapore, New Zealand and Hong Kong SAR are effective because they are adequate and supported by the strong political will of their governments. In contrast, Malaysia's anti-corruption measures are adequate but are not enforced impartially because of the weak political will of its political leaders, especially during Najib's kleptocratic rule. Finally, the anti-corruption strategies in Japan and Taiwan are "hopeless" because the weak political will of Prime Minister Tanaka and President Chen is reflected in their reliance on inadequate and ineffective anti-corruption measures and their failure to address the causes of structural corruption in both countries/regions. Japan and Taiwan will continue to pursue their "hopeless" anti-corruption strategies until and unless their political leaders demonstrate strong political will to initiate more effective measures to address the causes of corruption.

### **Adverse consequences of corrupt political leaders**

The analysis of how the six countries/regions have succeeded or failed in minimising corruption demonstrates clearly the important role of their political leaders in promoting a zero-tolerance policy toward corruption by Lee Kuan Yew in Singapore and Sir Murray MacLehose in Hong Kong. In contrast, leadership has played a less important role in New Zealand because of its emphasis on equality and egalitarianism among its population.

Prime Minister Badawi of Malaysia and President Ma of Taiwan were incorrupt themselves but they lacked the political will to implement the required reforms to address the causes of corruption in their countries/regions. Badawi introduced in 2004 the National Integrity Plan, which included the formation of the Malaysian Institute of Integrity (MII) to promote corruption prevention through education and training in both the public and private sectors in Malaysia. However, according to Jones, Badawi's anti-corruption reforms were not implemented effectively because of his weak base in the United Malays National Organisation (UMNO) and resistance from his party elite.

Ma campaigned the 2008 presidential election on an anti-corruption platform and introduced several reforms. However, he was initially reluctant to establish an independent ACA because he believed that the existing agencies were effective. However, he reversed his decision when three Taiwan High Court judges and a district prosecutor were arrested for accepting bribes from a former KMT legislator in July 2010. Consequently, on 20 July 2010, Ma explained that he changed his mind regarding the creation of an ACA to strengthen the government's anti-corruption efforts, to respond to public expectations, and to conform with international standards. Ma's insistence that the new ACA would not be "a carbon copy" of

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Hong Kong's ICAC or Singapore's CPIB and should not report directly to the head of government was a serious error and reflected his failure and refusal to learn from the best practices of these effective ACAs (see Quah, 2021).

The pernicious influence of corrupt political leaders like Tanaka of Japan, Chen of Taiwan and Najib of Malaysia, is reflected in the irreparable damage they have wrecked on their countries/regions and their population's quality of life. Tanaka was indicted in August 1976 for receiving bribes of US\$2.1 million from the Lockheed Aircraft Corporation in the U.S. He was released after paying ¥200 million bail. He was sentenced by the Tokyo District Court to four years jail and a fine of ¥500 million in October 1983. He filed an appeal and was re-elected to the Diet in December 1983 with a huge majority in Niigata. In July 1987, the Tokyo High Court upheld the 1983 District Court ruling. Tanaka appealed against the High Court decision and the appeal ended with his death in December 1993 (MacDougall, 1988, pp. 197-198; Mabrey, 2007, p. 176).

Tanaka was the "most corrupt of Japan's postwar prime ministers" and was one of the "shadow shoguns" (*kagemusha*) who "skilfully rigged the seemingly faceless, selfless system for their own gain" (Bowen, 2003, p. 6; Schlesinger, 1999, p. 13). He used the money earned from pork barrelling to finance his faction members' election campaigns and to give gifts to his constituents on their birthdays, relatives' funerals, weddings and festivals. He relied on "massive government funds to move mountains, bend rivers, pave rice paddies" in his native Niigata Prefecture (Schlesinger, 1999, p. 35) and consequently, dominated Niigata politics with the best organised *koenkai* (local support group), the largest LDP faction, and greatest influence over the Diet (Bowen, 2003, p. 37). His constituents in rural Niigata overlooked his corrupt offences because their "appetite for rural development" increased with the Tanaka "pork" they consumed for many years. They re-elected him each time with more votes after his conviction for bribery in 1948, his tax evasion in 1974 and his arrest in the 1976 Lockheed scandal (Bowen, 2003, p. 36). However, Tanaka escaped punishment for his role in the 1976 Lockheed scandal because his appeal against his conviction ended with his death in December 1993.

President Chen's wife was found guilty in February 2009 of money laundering and wiring US\$2.2 million abroad. Chen lost his immunity from prosecution after leaving office in May 2008. In September 2009, the Taiwan District Court found Chen and his wife guilty of corruption, money laundering and embezzlement and sentenced them to life imprisonment and fined NT\$200 million. In June 2010, the Taiwan High Court reduced Chen's life sentence to 20 years imprisonment and a fine of NT\$170 million fine because the amount embezzled was less than that found by the District Court. His wife's life sentence was reduced to 20 years imprisonment and a fine of NT\$200 million. In December 2010, the High Court reduced Chen's sentence to 17.5 years and a fine of NT\$154 million (Quah, 2011, pp. 153-155).

Chen campaigned on an anti-corruption platform in the 2000 presidential election but succumbed to corruption during his two terms in office. He succeeded by neutralising the issue of Taiwan's independence and made the election a referendum on "black gold" politics (Diamond, 2001, p. 4). From its founding, the Democratic Progressive Party (DPP) had opposed corruption and viewed the KMT as "a rich party that got its money from illegitimate sources" (Copper, 2007, p. 1). In his autobiography, Chen (1999, p. 1) condemned the KMT's corruption and praised the DPP for being free from money politics and corruption. The DPP contested the 1992 Legislative Yuan election campaign effectively on an anti-corruption platform and relied on the same strategy in subsequent elections.

Unfortunately, Chen paid only lip service to combating corruption in Taiwan because he was corrupt and had received money from the Celestial Alliance, an organised crime group, because he believed that money was needed to succeed in politics (Copper, 2008, p. 24). The former chairman of Tuntex Group, Chen Yu-hao, revealed during the 2004 presidential election campaign that he had "secretly given Chen Shui-bian money in 2000" and "funnelled" NT\$20 million into the DPP-affiliated Formosa Foundation (Copper, 2009, p.12).

Consequently the DPP was viewed as a corrupt party and Chen's administration was seen as "venal and dishonest" after the 2004 presidential election because of the increase in corrupt activities. Both Chen and his wife were found guilty of corruption, embezzlement and money laundering and were sentenced to 17.5 years and 20 years' imprisonment, respectively, and fined. Not surprisingly, Chen did not show any remorse for his corrupt behaviour and his wife's corruption offences during his interview with Ko in the sixth article.

In July 2015, the *Wall Street Journal* reported US\$681 million were transferred to Najib's private bank accounts in March 2013. In May 2018, the police confiscated US\$274 million in luxury items and US\$28 million in cash from the Najib family's apartments. The MACC arrested Najib in July and his wife in October 2018 to assist them in investigations. In July 2020, Najib was convicted of seven charges for misappropriating RM42 million. He was sentenced to 12 years in jail and fined RM210 million. Najib filed an appeal and is out on bail of RM2 million (Wright and Hope, 2019, pp. 341-342, 406; *Straits Times*, 2020, p. A18).

In 2008, UMNO, the dominant party in the ruling coalition, the *Barisan Nasional* (National Front), was re-elected into power and Najib became prime minister in 2009, succeeding Badawi. In September 2009, the Terengganu Investment Authority became a national investment fund known as 1MDB, which was fully owned by the government with Najib as the Chairman of its Board of Advisors (Jones, 2020, p. 60). As mentioned above, US\$681 million was transferred into Najib's personal bank accounts in March 2013, followed by the deposit of another sum of US\$11.1 million into Najib's accounts by SRC International in December 2014 (Teh, 2018, pp. 183, 249). On 1 March 2016, *The Wall Street Journal* reported that more than US\$1 billion from the 1MDB was deposited into Najib's personal bank accounts. On 28 March 2016, the *Australian Broadcasting Corporation (ABC) News* confirmed that Najib had received a total of US\$1,050,795,451.58 in his personal bank accounts from January 2011 to April 2013 (Teh, 2018, pp. 251-253). *ABC News* was concerned that "so much money was pouring so rapidly into the Malaysian Prime Minister's personal banking accounts that it rang internal money-laundering alarms inside AmBank, a major Malaysian institution part-owned by Australia's ANZ (Australia New Zealand Bank)" (Teh, 2018, p. 254).

Najib covered up the 1MDB scandal by removing from office the Deputy Prime Minister, four ministers, the Attorney-General, and some junior officials during 2015-2016 to prevent them from revealing evidence of corruption or convening a public inquiry. The government also hindered investigations by withholding documents and computer files and influencing the investigators in the National Audit Department and the MACC to change their findings or abandon their investigations (Quah, 2020c, p. 12). The government's attempts to conceal the 1MDB scandal enabled the opposition political parties to criticise the 1MDB investment policies and increase public suspicions of malpractices in its financial dealings. The adverse publicity following the exposure of the 1MDB scandal angered many Malaysians and contributed to the defeat of Najib's government in the May 2018 general election (Weiss, 2019, pp. 144-145).

### **Does culture matter in fighting corruption?**

In the past, culture was viewed as a "residual" factor to explain people's attitudes toward productivity and other issues. More recently, culture is now viewed as an important factor contributing to corruption when gift-giving and family ties influence individuals to give or receive bribes. As gift-giving is an accepted social tradition in Hong Kong, Japan, Malaysia, Singapore and Taiwan, it is difficult to distinguish between a gift and a bribe in these countries/regions. Furthermore, apart from promoting reciprocity in social relations, gift-giving also encourages bribery among civil servants, who accept gifts provided by those wishing to reduce red tape or to obtain licences or permits improperly.

However, among these five countries/regions, the impartial enforcement of the regulations discouraging gift-giving among civil servants varies considerably, with the strictest enforcement in Singapore, on the one hand, and the weakest implementation in Japan, on the other. In Singapore, gift-giving is identified as a form of gratification in section 2 of the PCA and civil servants are prohibited by the staff conduct and discipline rules from receiving gifts or entertainment from members of the public (Quah, 2011, pp. 219-220). Consequently, the past practice of the giving of *ang paws* (small red envelopes containing money) during the Lunar New Year to postmen, deliverymen, and garbage collectors, in appreciation for their services, has been discouraged. When Lee Kuan Yew became prime minister in June 1959, he received many gifts from well-wishers. However, he refused these gifts to set an example for his colleagues, civil servants and Singaporeans.

The culture of gift-giving in Japan is manifested in the biannual practice of seasonal gifts in midsummer and end of the year, and the elaborate gifts for those attending weddings and funerals. The anthropologist, Harumi Befu, has identified 37 occasions when Japanese give ceremonial gifts (Davies and Ikeno, 2002, p. 235). He attributes the Japanese penchant for gift-giving to the customary practice during weddings and funerals and the end of the year. Furthermore, those receiving gifts at weddings and funerals are expected to reciprocate by giving gifts to the givers on future occasions. Gifts also express the receiver's appreciation for a past favour by the giver and those who fail to reciprocate are chastised for ignoring social norms. As gift-giving is "a social lubricant" in Japan, the regulations imposed by the government and companies to prohibit gift-giving are not enforced strictly because they contradict all the social norms. Indeed, those persons who obey these regulations have to justify their behaviour as they would be viewed by many Japanese to be "a bit odd" for refusing to accept gifts (Quah, 2011, p. 51).

In Taiwan, *guanxi* (connections) influences vote-buying and encourages corruption among the population. As gift-giving is also an important social tradition in Taiwan, it constitutes a powerful combination with *guanxi* and makes it difficult for the MJIB and AAC to distinguish between gifts and bribes. Vote-buying is an important form of corruption in Taiwan as money, meals and other gifts are exchanged for votes (Wu and Huang, 2004, p. 757). Faction leaders and candidates rely on vote-brokers to influence voters to vote for them. Vote-brokers are rewarded by the candidates with money, gifts, banquets and trips during election campaigns.

Vote-buying is important in Taiwan's local elections because it reinforces the connection between *guanxi* and gift-giving. Most of the votes in rural elections in Taiwan are based on *guanxi* as candidates cannot buy votes unless they have a close *guanxi* with the voters (Jacobs, 2008, p. 177). Voters accept vote-buying because their close *guanxi* with the candidates makes them view the money offered as a gift and not a bribe. Nevertheless, gift-giving reinforces the personal relationships between the candidates and voters, and cast "the shadow of corruption over elections" in Taiwan (Rigger, 1999, p. 88).

However, vote-buying remains a chronic problem in Taiwan because 6,775 persons were prosecuted for vote-buying during 2011-2020, with the highest number prosecuted in 2011 (1,259 cases), 2015 (1,725 cases) and 2019 (1,710 cases) (MJIB, 2021, p. 167, Table 2-18). In 2020, 212 persons were prosecuted for vote-buying, with 15 persons violating the Presidential and Vice-Presidential Election and Recall Act, 60 persons breaking the Civil Servants Election and Recall Act, 135 persons charged under the Criminal Code, and two persons were prosecuted for bribery under the Farmers Association Act (MJIB, 2021, p. 171, Table 2-19). In sum, as the powerful combination of *guanxi*, gift-giving and vote-buying constitutes an important cause of corruption in Taiwan, anti-corruption efforts will only succeed if the political leaders enforce impartially the regulations for controlling these three aspects.

As 92 per cent of Hong Kong's population is Chinese, the ICAC's CRD is concerned with enhancing the population's awareness of the adverse effects of corruption and to discourage

them from accepting those cultural values and practices which nurture corruption in Hong Kong. As the Chinese have been conditioned for many centuries to using personal connections to get things done, what was important were the moral or folk norms of an individual's informal social network and not the legal codes. Consequently, government officials were perceived to be corrupt instead of being honest and could be bribed to get things done (Lee, 1971, pp. 80-83). For many Hong Kongers, it was acceptable to pay "tea money" or "convenience money" to government servants to obtain benefits. Bureaucratic and police corruption was widespread and working class people, including hawkers and taxi drivers, had to pay bribes to survive (Chan, 2005, p. 97).

A 1971 survey of a random sample of 1,065 respondents in the middle and lower class community of Kwun Tong found that 29.2 per cent of them viewed corruption as a serious social problem. Furthermore, the older and less educated respondents who were traditionally oriented were more likely to accept corruption as a normal practice (Lee, 1971, pp. 77, 87). Apart from convincing the older, less educated and more traditionally oriented Hong Kongers of the adverse consequences of corruption, the other important challenge facing the ICAC's CRD was the giving and taking of commissions by employers and employees in the business sector for more than a century in Hong Kong. According to the Prevention of Corruption Ordinance 1948 and the PBO 1971, the payment or receipt of business commissions without the approval of the principals or employers of both the payer and payee is prohibited (Lee, 1971, pp. 92-93).

The business community in Hong Kong was initially apprehensive with how the CRD would deal with the common practice of paying commissions by firms for services rendered. With the control of public sector corruption, the ICAC focused its attention on private sector corruption when the number of such cases increased to 1,153 in 1988. The investigation of several high profile private sector fraud cases by the ICAC during 1984 to 1994 reinforced the importance of the contacts established by the CRD with the industrial and commercial sectors. The CRD's extensive liaison with diverse private sector companies resulted in the establishment in 1995 of the Hong Kong Ethics Development Centre to handle liaison work with the professional and commercial organisations (Scott, 2013, pp. 95-96).

In Malaysia, the culture of corruption is linked to "money politics" i.e., the reliance on vote-buying by the political parties to secure their electoral victories. The "spectre of money politics in Malaysia" is reflected in the "lavish campaign spending, vote-buying or the award of contracts to vested interests". Former Prime Minister Mahathir Mohammad, who was the UMNO president from 1981-2003, admitted that "practically everyone who was elected to the [UMNO] Supreme Council in 2009 won because they used money. So you can say that [the] UMNO central committee is actually made up of corrupt people" (Transparency International Malaysia, 2010, pp. 65-66).

Political parties in Malaysia require funding for administering their machinery, voter education, policy analysis and training of candidates. During election campaigns, the parties and their candidates manage the operations centres, and advertise and communicate their messages to voters. These activities are financed by the collection of membership fees, donations from businesses and individuals, contributions in kind, fund-raising dinners, publications sales, and the candidates' personal funds. In addition to the distribution of money for buying votes and support during elections, money politics in Malaysia also includes the involvement of political parties and politicians in corporate business activities (Transparency International Malaysia, 2010, pp. 70-71).

The origin of money politics in UMNO can be traced to the 1984 contest for the deputy presidency of UMNO between Musa Hitam, the UMNO Vice-President, and Tengku Razaleigh Hamzah, the Finance Minister. Their campaign was the "dirtiest to date" and involved the offer of free meals, death threats and massive vote-buying. It was estimated that the amount spent on vote-buying exceeded US\$20 million (Transparency International

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Malaysia, 2010, pp. 75-76). In the 1MDB scandal, the huge amounts of money deposited in Najib's personal bank accounts were ostensibly donations for the UMNO to use in its electoral campaigns. In reality, Najib and his wife had used these funds for their personal purposes as the police had confiscated US\$274 million worth of luxury items and US\$28 million in cash during their raid of Najib family's apartments in May 2018.

In sum, culture constitutes a serious obstacle to curbing corruption if the political leaders are corrupt (like Prime Minister Tanaka, President Chen and Prime Minister Najib) and lack the political will to enforce impartially the regulations prohibiting gift-giving, vote-buying and money politics in Japan, Taiwan and Malaysia. On the other hand, Lee Kuan Yew's zero-tolerance policy toward corruption in Singapore is effective because it addresses the causes of corruption and provides the CPIB with the necessary legal powers and resources to minimise corruption without political interference and regardless of the offenders' position, status or political affiliation. Similarly, Hong Kong's three-pronged strategy adopted by the ICAC is also effective in curbing corruption in both the public and private sectors.

### Conclusion

What is the role of leadership in combating corruption in the six countries/regions selected for this *Public Administration and Policy* special issue? The comparative analysis shows that these six countries/regions can be divided into three groups. First, the experiences of Singapore and Hong Kong show that leadership plays a critical role in minimising corruption in both city-states. Second, in New Zealand, leadership does not play an important role in combating corruption because its top ranking on the CPI can be attributed to the importance of the values of equality and egalitarianism and its effective Ombudsman and SFO. However, Gregory and Zirker contend in their article that this view of New Zealand's effectiveness in curbing corruption is biased and ignores the discrimination of its government toward the Māori population, which constitutes a form of corruption too.

Third, the situation is "hopeless" if the political leaders themselves are corrupt and exacerbate the situation by perpetuating their corrupt behaviour with impunity. In Japan, the late Prime Minister Tanaka Kakuei is surprisingly viewed as a "folk hero" by many Japanese in spite of his corrupt behaviour and lack of accountability for his corruption offences. President Chen Shui-bian of Taiwan broke his campaign promise to fight corruption after winning the 2000 presidential election and continued his corrupt behaviour until the end of his second term in May 2008. Even though he was imprisoned for his offences, Chen has not apologised or shown remorse for his corrupt behaviour.

However, the corruption offences of Tanaka and Chen pale in comparison with the much larger amounts of money embezzled and laundered by Prime Minister Najib Razak of Malaysia through his involvement in the 1MDB scandal. Like Tanaka and Chen, Najib is also not remorseful and claims instead that he is innocent and the charges against him are politically motivated. He was found guilty of misappropriating RM42 million in July 2020 and sentenced to 12 years imprisonment and fined RM210 million. Instead of spending his days behind bars, Najib is free to campaign with impunity for his UMNO colleagues in the recent state elections in Malacca and Johor because he filed an appeal and is out on bail of RM2 million.

In the final analysis, kleptocratic leaders like Tanaka, Chen and Najib are the bane of their countries/regions because the lack of accountability for their corrupt behaviour shows that corruption pays and that their beneficiaries would also be unwilling to implement the necessary reforms to eliminate the "structural corruption" in Japan, Taiwan and Malaysia. Without a strong dose of political will, no country/region, including Singapore and Hong Kong SAR, can succeed in minimising corruption, which remains an impossible dream.

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# Book review - Win: How public entrepreneurship can transform the developing world, By Fouzul Kabir Khan

## *Win: How Public Entrepreneurship Can Transform the Developing World*

By Fouzul Kabir Khan (Keystone Publications, Dhaka, 2021)

ISBN 978-984-34-9985-1, 223 pages

If we review the idea of public entrepreneurship in a broader context, we can see that the overarching theme is how to make government 'work', and 'work better' for the people it is meant to serve. If we look back to Chanaky's Arthashastra in the ancient age, Machiavelli's Prince in the middle age or modern-day Wilson's dichotomy of politics and administration, Roosevelt's New Deal to New Public Management (NPM) of the twentieth century and Digital and Electronic Government (DEG) and Open Government initiatives of today, 21<sup>st</sup> century, we can see it has been a perennial question or common concern of making government work better.

Scholars in management and public administration always looked for convergence on this central question. Frederickson (1980) proposed New Public Administration (NPA), Hood (1991) identified the characteristics of New Public Management (NPM), Moore (1995) highlighted strategic management in government for public values, while others (Dunleavy *et al.*, 2006) prescribed for Digital Era Governance (DEG or E-Government) and Open Government (OECD, 2016). Specifically, the term 'entrepreneurial government' and 'reinventing government' became widely popular after Osborne and Gaebler's (1992) book, which formed the basis of NPR (national performance review) led by then US Vice President Al Gore.

Within this broader context, the book *Win: How Public Entrepreneurship Can Transform the Developing World* attracts special attention as this is an author's reflection of his journey as the CEO of a once-celebrated government-owned financial institution, named Infrastructure Development Company Limited (IDCOL) in Bangladesh.

The author, Dr Fouzul Kabir Khan, who had been the company's first full-time CEO (1998-2007), is not just another bureaucrat, he is a PhD in economics from Boston University, USA, authored other specialized books such as *Financing Large Projects: Using Project Finance Techniques*, and has taught in several universities at home and abroad, for example, North South University, BRAC University, the University of Massachusetts at Boston, National University of Singapore, etc. So this is not a mere reflection but rather an analytical narrative that can be used in classrooms in schools of management and government.

For readers' convenience, first I present a summary of the contents, having twelve chapters. Chapter 1 *A Humble Beginning*, introduces the case of IDCOL as an institution, based on which, the author built his argument for the case of public entrepreneurship.

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IDCOL was originally formed with the World Bank fund and government mandate to encourage large-scale private sector infrastructure financing.

Chapter 2 *Treading a New Path* tells us how the author, then one of the in-service top-level bureaucrats in the finance ministry, applied for the job and got selected on an international open competition basis, and started building the organization almost from the scratch.

The next three chapters, *The Rocky Tract*, *Four Making Use of the Lifeline*, and *Oh, My Sun!*, basically are firsthand accounts of the initial hurdles of building any organization, then again in government. From initial inertia to emerging strategy along with the solar home system, he stated many interesting events, emerging strategies like wholesale financing with participating organizations (PO), all the contributions of different actors, including the last mile 'solar engineers' who were instrumental in making Solar Home Systems (SHS), and IDCOL itself, a success, finally.

Chapter 6 *Good Design is What Works* started reflecting on the reasons for the success of the SHS project, and continued through the next two chapters, *Beyond Lighting* and *Comparing and Contrasting Projects*. Interestingly, as the author narrated, the originally externally mandated schemes like large financing projects performed poorly, while small and locally-driven or institution-generated projects became an example of success cases of what he argues in Chapter Nine *Public Entrepreneurship*. Together, these four chapters built the argument solidly that if given time and space for experimentation and drive, public entrepreneurship can thrive in any public sector which is perceived as corrupt, inefficient, and inherently sub-par.

Chapter 10 *Collective Rhapsody* narrated the situation of how all parties who were skeptical and even hindered, now wanted to be a part of the 'success'. In Chapter 11 *Managing Wins*, the author elaborated his remarks in the preface section that success went through ups and downs, as reflected in 'W' of Win. Here he provides some post-mortem reflection on the causes of the decline of IDCOL's activities and performance following its peak in 2013.

In Chapter 12 *Epilogue*, the author reluctantly admits that IDCOL is on the verge of losing some ground and fears that it may end up as another limping public financial institution. But he also hoped that it can stand resilient by "going back to its root of financing large infrastructure projects" or can transform into a resurrected entity like before.

Now, if we review the content critically, first, the title itself seemed a bit confusing to project the "public entrepreneurship in the developing world" as a whole. Since it is about just one case in detail, IDCOL, which is similar to one government company in one country, the title could better be "IDCOL: A Successful Case of Public Entrepreneurship in Developing World" or something specific so that it can more accurately reflect the content of the book.

How many internal factors and how many external factors are responsible for the so-called success of IDCOL? The success or effectiveness of any organization can be attributed to both external factors and internal factors. Internal factors may be controllable factors, for example, leadership and management. External factors may be beyond the control of institutional management and may contain both opportunities and threats determining the performance of the organizations. Now, IDCOL has been a 'special purpose' company, created by the government, and funded by World Bank or the donors. In such cases, since the fund is coming from donors and donors prefer it, the government generally gives such organizational entities special mandates and allows considerable autonomy and freedom. That made IDCOL look private and modern or business-like, and not as typical government agencies. In addition, IDCOL received waivers from Central Bank in minimum capital and statutory reserve requirements, and so on. Thus, many crucial factors of its success were in fact, external.

Otherwise, as the account suggests (pp. 34-38), IDCOL could not do or show anything for five years. 'Government' was, so far, not in a hurry since the fund was coming from outside. But in 2002, after 5 years of its inception in 1997, the government wanted to shut down IDCOL due to its performance (lack of it, visibly) till then. However, IDCOL was given a 'lifeline' by the then finance minister M. Saifur Rahman, allowing more time for IDCOL to show

something. Now, contrary to the competitive market approach, only a government can afford to allow such time and uncertain performance by a 'government company', not to mention having the luxury of sparing several top-level civil servants for that.

So, while Dr Khan's enthusiastic CEO leadership had undoubtedly been an internal factor and served as a 'necessary condition' for IDCOL's so-called success, it was not a 'sufficient condition'. Sufficient conditions were created by other external factors, not supposedly enjoyed by the competition facing private companies, unlike IDCOL. This and other external factors made IDCOL a 'success story' amid ample government failures or inefficiencies. This distinction between internal and external factors attributable to a success story is important because, in other cases, internal factors like a charismatic CEO, or capable human resources, may fail to achieve another 'success story' if faced with the absence of sufficient external factor and or exposed to open competition in the 'market'.

The next point, IDCOL was not the first choice of the World Bank for the implementation of the SHS project. It came as a by chance, outside the original mandate of green-field infrastructure financing by IDCOL. And later the IDCOL SHS program succeeded largely due to a partnership agreement with two large non-government organizations like Grameen Shakti and BRAC solar program. Grameen Shakti is a sister company of Grameen companies founded by Nobel Laureate Professor Muhammad Yunus, and BRAC Solar is a sister company of BRAC social enterprises founded by Sir Fazle Hossain Abed. Both companies have been instrumental in implementing solar energy projects at the root level of Bangladesh.

As the account suggests (pp. 144-146), these unexpected things happened at a time when it was under deep pressure to be liquidated! Again, to the observer's eye, it is not 'public entrepreneurship' from within, but rather the luxury of time and space enjoyed by a 'government company'.

The author claimed that IDCOL has got an innovative structure in its shareholder structure and board composition during his tenure as the CEO. A secretary from the Economic Relations Division of the Finance Ministry held 500 shares in a fiduciary capacity and the other 500 shares were distributed among other shareholders among the government officials. Among the six directors, apart from the CEO on the board, three were secretary level of government, and three were nominated from the private sector. They might have had rich personal attributes and qualifications, but none of them had any 'financial stakes' or 'risks' in the performance of IDCOL. So, while for the CEO, this kind of 'innovative structure' made ample space for freedom and autonomy, I think, it lacked a functionally robust management control system from a board governance and leadership perspective. CEOs can play around with such 'boards' and so, it is not a commendable structure.

In general, IDCOL can be an ideal example of leadership, where a government bureaucrat utilized the opportunity to do some innovative and proactive activities. But if critically evaluated, it may not be appropriate to claim as an ideal example of 'public entrepreneurship' analogous to 'private entrepreneurship' and 'social entrepreneurship'. As clearly stated by the author, IDCOL was created as a special purpose entity for large-scale infrastructure financing to bypass the traditional bureaucratic mechanism perceived as inefficient and corrupt. Mr. Mohammad Muslim Chowdhury, Comptroller and Auditor General of Bangladesh, ex-Finance Secretary to the Bangladesh Government, rightly admitted in his remark in the book webinar organized by Chittagong Independent University ([www.ciu.edu.bd](http://www.ciu.edu.bd)), Chattogram, Bangladesh, on 24 June 2021, that IDCOL was conceived as a financial intermediary or a mechanism for financing large scale infrastructure projects but government 'just allowed it to overstep', for example, 'to do something to grab the opportunity in the growing solar home system landscape'. So, IDCOL may not be a pure example of 'entrepreneurship' in its institutional sense.

Now, some straightway praise about the book. The book, though a practitioner's account, has been written keeping students in mind, so it can readily be used as a case study in business management or public sector management programs and courses. It contains an

extensive glossary, footnotes, endnotes, references, and an index that made it academically meaningful. The appendix section contains very useful templates, particularly 4 A – Risk and Mitigation Matrix, Appendix 6, Indicative Term Sheet, 7 A, B – Financing and Approval process. These will help successive CEOs in the same or similar institution in a ready-to-use hands-on way.

The wholesale loan concept (p. 58) was a successful one from an institutional operational point of view, where credit risks were mostly transferred to retail level POs (partnering organizations) like Grameen Shakti, BRAC, and other NGOs and MFIs (microfinance institutions). Internally, he developed a transparent financial accounting system, tackled issues such as ‘subordinated debt’ with ‘senior lenders’, and created technical standards committee to insulate management from subjective biases. Externally, he courageously and effectively represented his organization with oversight counterparts like the Government of Bangladesh, World Bank, IIFC, UNDP, etc. We see the CEO taking a serious approach to develop the human resources and arranging extensive training and grooming programs for developing the investment officers who would be instrumental in selecting and assessing the project proposal.

As a leader with empathy for the team members, the CEO took personal time and effort to follow and rehab individual employees who went astray. He tried to build a distinctive organizational culture having ‘disciplined people’, with ‘disciplined thoughts’, and ‘disciplined actions’ (p. 16). He envisioned developing the right team with the highest level of integrity (pp. 120-121). He provided, what we call in management and leadership, the leading by example, which is evident in his denying the CEO’s cut, a Swiss watch, or project SUV from potential beneficiaries of ‘project financing’.

Dr Salehuddin Ahmed, a former governor of Bangladesh Bank rightly commented that there has been a few good examples of public enterprises in Bangladesh that worked well like IDCOL, such as PKSF, LGED, and REB. All of which had in common, a dedicated and efficient team of professionals, a strong governing body, support from government and donors, and most importantly, a transparent and accountable process of operations (Ahmed, 2021).

Dr Hossain Zillur Rahman, ex-advisor of the Caretaker Government and a think tank chairman (named PPRC), rightly remarked that the big message from Dr Fouzul’s book is that the “good entrepreneur” is not a matter of the private sector only, rather can be in the public domain also (Rahman, 2021). But it should not be the case only when a special purpose company is created out of the box. Rather it should be in the ‘whole of government’. Here it may be mentioned that the late Qamrul Islam Siddique provided public entrepreneurial leadership in the Local Government Engineering Department (LGED). Though a regular department rather than a publicly-owned company, LGED with its entrepreneurial leadership, achieved a ‘connectivity revolution’ through feeder roads that connected myriads of villages and towns across Bangladesh.

I agree with former bureaucrat and currently UNDP consultant, Mr. Ranjit Kumar Chakraborty that the storytelling approach of Dr Khan grabs the readers’ attention without compromising the technical rigour of the content. And also, the book could be more voluminous given its technicalities but the author restrained himself to keep it concise (Chakraborty, 2021).

In conclusion, the book is a definite contribution to the existing discourse on improving management in government. As it is said, there is a need for a framework for the proper selection and appointment of leaders in the public sector, given the importance of management and leadership in public sector units (PSU), and the need for motivation, culture, and policy design (Gupta *et al.*, 2018). These types of practitioner reflections should be accommodated in day-to-day discussions and routine training programs for public servants.

Said all, I want to add critically to the continuing debate of what and how government can work better. That one or two examples of ‘special purpose’ organization created out of the

main structure of government cannot be ideal examples of entrepreneurship in the public sector. Rather the entrepreneurial spirit should come from within the whole government structure. The political leadership of government should create an enabling environment for the bureaucrats – ‘managers’ in the public sector. And, the bureaucrats themselves should come out of their box to solve problems creatively with a customer (citizen) oriented mindset. After all, they are paid for that with the taxes paid by the citizens at the bottom.

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**Public Administration and Policy**  
Indexed and abstracted by:  
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ISSN 1727-2645



9 771727 264006

ISSN 1727-2645  
Volume 25 Number 2  
2022

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