

## Combating Corruption in Asian Countries 101: Advice for Policy Makers\*

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### Abstract

Corruption is a serious problem in many Asian countries based on their performance on Transparency International's Corruption Perceptions Index (CPI) from 1995-2016. The purpose of this paper is threefold: (1) to explain why Singapore and Hong Kong SAR are effective in combating corruption; (2) to explain why China, India, Philippines and South Korea are ineffective in curbing corruption; and (3) to identify the relevant lessons for policy makers from an analysis of the successes and failures of these Asian countries in combating corruption. There are three patterns of controlling corruption in Asian countries. The first pattern applies to Japan and Papua New Guinea which do not rely on an anti-corruption agency (ACA) to enforce their anti-corruption laws. The second pattern refers to those countries like Afghanistan, China, India, Pakistan, Philippines, Taiwan and Vietnam that rely on multiple ACAs to curb corruption. The third pattern of relying on a single ACA was pioneered by Singapore with the establishment of the Corrupt Practices Investigation Bureau (CPIB) in October 1952 and replicated in February 1974 with the formation of the Independent Commission Against Corruption (ICAC) in Hong Kong. The success of the CPIB and ICAC in minimising corruption has led to the proliferation of many ACAs in Asia and around the world.

Policy makers should avoid the first pattern unless their country can strengthen other existing institutions to enhance good governance without creating an ACA, following the examples of Denmark, Finland and New Zealand. The second pattern should not be adopted by policy makers because the lack of coordination and cooperation, and the competition for resources and recognition among the many ACAs have undermined their effectiveness in combating corruption. However, in spite of its popularity, policy makers should not adopt a single ACA if they do not have the political will to provide the ACA with sufficient legal powers, budget, personnel, and operational independence to enforce the anti-corruption laws impartially, without fear or favour. Those persons found guilty of corruption offences should be punished according to the law, regardless of their position, status or political affiliation. Above all, an ACA should not be used by the government as a weapon against its political foes. Singapore's CPIB and Hong Kong's ICAC are effective because of their governments' strong political will and capacity to curb corruption. In short, the establishment of a single ACA is not a magic bullet for minimising corruption in a country if there is weak political will and poor governance.

Keywords: Anti-corruption agencies, patterns of corruption control, political will, China, Hong Kong SAR, India, Philippines, Singapore, South Korea

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## Introduction

Many Asian countries are adversely affected by corruption today as reflected in their performance on Transparency International's Corruption Perceptions Index (CPI) in 2016. Table 1 indicates that only seven countries have CPI scores above 50, with Singapore being the least corrupt Asian country as it is ranked 7<sup>th</sup> among 176 countries with a score of 84. By contrast, the other 20 countries (74.1 per cent) have low scores ranging from 12 for North Korea to 49 for Malaysia.

**Table 1: 27 Asian Countries by their CPI scores in 2016**

CPI Score*	Countries	No. (%)
80 – 100	Singapore (84)	1 (3.7%)
70 – 79	Hong Kong SAR (77), Japan (72)	2 (7.4%)
60 – 69	Bhutan (65), Taiwan (61)	2 (7.4%)
50 - 59	Brunei Darussalam (58) South Korea (53)	2 (7.4%)
0 - 49	Malaysia (49), China, India (40) Mongolia (38), Indonesia (37) Maldives, Sri Lanka (36) Philippines, Thailand, Timor-Leste (35), Vietnam (33), Pakistan (32) Lao PDR (30), Nepal (29) Myanmar, Papua New Guinea (28) Bangladesh (26), Cambodia (21) Afghanistan (15), North Korea (12)	20 (74.1%)
Total	27 countries	27 (100%)

\*The CPI score ranges from 0 (very corrupt) to 100 (highly clean). To be included in the CPI, a country must have three independent surveys on its perceived extent of public sector corruption.

Source: "Corruption Perceptions Index 2016," Berlin, available at: [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](https://www.transparency.org/news/feature/corruption_perceptions_index_2016) (accessed 25 January 2017).

Why is corruption such a serious problem in many Asian countries? Why are some countries like Singapore and Hong Kong SAR more successful than other Asian countries in combating corruption? What lessons can policy makers learn from analysing the successes and failures of Asian countries in curbing corruption? This paper addresses these questions by beginning with an analysis of the three patterns of corruption control before explaining why Singapore and Hong Kong SAR are more effective in combating corruption than other Asian countries. The paper concludes by identifying the lessons that policy makers can learn from analysing the successes and failures of Asian countries in minimising corruption.

## Patterns of Corruption Control in Asian Countries

Asian countries employ three patterns of corruption control depending on the number of anti-corruption agencies (ACAs) used to enforce the anti-corruption laws. Table 2 shows that

the first pattern of implementing the anti-corruption laws without relying on an ACA is practised in Japan and Papua New Guinea (PNG). Japan has not ratified the United Nations Convention Against Corruption (UNCAC), which it signed in December 2003, because it is reluctant to establish an ACA as required by articles 6 and 36<sup>1</sup> to replace the ineffective and inadequately staffed Special Investigation Departments (SIDs) in Tokyo, Osaka and Nagoya.<sup>2</sup> The Japanese government lacks the political will to curb corruption because it does not want to undermine the existing system of structural corruption that favours the corrupt politicians, bureaucrats, and business persons.<sup>3</sup>

**Table 2: Patterns of Corruption Control in 27 Asian Countries**

Pattern	Features	Countries
1	Implementing the anti-corruption laws without an ACA	Japan, Papua New Guinea (2)
2	Reliance on multiple ACAs to implement the anti-corruption laws	Afghanistan, China, India, Pakistan, Philippines, Taiwan, Vietnam (7)
3	Reliance on a single ACA to implement the anti-corruption laws	Singapore, Hong Kong SAR, Malaysia, Brunei Darussalam, Nepal, Sri Lanka, Maldives, Thailand, Macau SAR, South Korea, Indonesia, Lao PDR, Bangladesh, Bhutan, Mongolia, Timor-Leste, Cambodia, Myanmar (18)

Source: Compiled by the author.

After attaining its independence in 1975, PNG has relied on the Ombudsman Commission to investigate complaints of maladministration and to enforce the Organic Law on Duties and Responsibilities of Leadership or the Leadership Code to ensure that over 600 persons in leadership positions behave with integrity. The government's first draft bill to establish an ACA in 1997 failed because of lack of parliamentary support. The absence of an ACA resulted in the formation of an Investigation Task Force Sweep (ITFS) in August 2011 to

<sup>1</sup> Article 6 of the UNCAC states that: "Each State Party shall, in accordance with the fundamental principles of its legal system, ensure the existence of a body or bodies, as appropriate, that prevent corruption by such means as: (a) Implementing the policies referred to in article 5 of this Convention and, where appropriate, overseeing and coordinating the implementation of those policies; (b) Increasing and disseminating knowledge about the prevention of corruption." Article 36 states that: "Each State Party shall, in accordance with the fundamental principles of its legal system, ensure the existence of a body or bodies or persons specialized in combating corruption through law enforcement. Such body or bodies or persons shall be granted the necessary independence, in accordance with the fundamental principles of the legal system of the State Party, to be able to carry out their functions effectively and without any undue influence. Such persons or staff of such body or bodies should have the appropriate training and resources to carry out their tasks." See United Nations Office on Drugs and Crime, *United Nations Convention Against Corruption* (New York: United Nations, 2004), pp. 10, 26-27.

<sup>2</sup> Jon S.T. Quah, "Evaluating the effectiveness of anti-corruption agencies in five Asian countries," *Asian Education and Development Studies*, 4 (1) (2015): 157.

<sup>3</sup> Jon S.T. Quah, *Curbing Corruption in Asian Countries: An Impossible Dream?* (Bingley, UK: Emerald Group Publishing, 2011), p. 72.

curb corruption in government departments.<sup>4</sup> However, as the ITFS is not an ACA, its effectiveness was undermined when Prime Minister Peter O’Neill cut its funding after the ITFS issued a warrant for his arrest for corruption in June 2014.<sup>5</sup>

The second pattern refers to those countries like Afghanistan, China, India, Pakistan, Philippines, Taiwan and Vietnam that rely on multiple ACAs to curb corruption. The third and most popular pattern of relying on a single ACA was pioneered by Singapore with the establishment of the Corrupt Practices Investigation Bureau (CPIB) in October 1952 and replicated in February 1974 with the formation of the Independent Commission Against Corruption (ICAC) in Hong Kong. The success of the CPIB and ICAC in minimising corruption has promoted the belief that ACAs are effective in combating corruption<sup>6</sup> led to the proliferation of nearly 150 ACAs around the world.<sup>7</sup>

An ACA is a specialised organisation established by a government to minimise corruption in the country. Luis de Sousa defines an ACA as a public funded body of “a durable nature, with a specific mission to fight corruption and reduce the opportunity structures propitious for its occurrence in society through prevention and repressive measures.”<sup>8</sup> More specifically, following Nicholas Charron, an ACA has these six features: (1) it is separate from other government agencies and focuses on preventing and controlling corruption; (2) it is a permanent and not a temporary organisation; (3) it is funded by the government; (4) it is accountable either to parliament, the ministry of justice, or the executive; (5) it centralises information on domestic corruption which is disseminated to the media and other law enforcement agencies; and (6) it is recognised by, and accessible to, the general public.<sup>9</sup>

Table 3 identifies the ACAs in 27 Asian countries. There are two types of ACAs in Asian countries, depending on the scope of their functions: (1) Type A: those dedicated ACAs that perform only anti-corruption functions; and (2) Type B: those diffused ACAs which perform both anti-corruption and non-corruption-related functions. Type A ACAs perform these anti-corruption functions: policy development, research, monitoring and coordination of implementation measures; prevention of corruption in power structures; education and awareness raising; and investigation and prosecution of corruption cases.<sup>10</sup> The first Type A ACA in Asia is Singapore’s CPIB, which was established in October 1952, and followed by the formation of Type A ACAs in other Asian countries.

<sup>4</sup> Jon S.T. Quah, “Combating corruption in six Asian countries: A comparative analysis,” *Asian Education and Development Studies*, 5 (2) (2016): 254.

<sup>5</sup> Ibid., 258 and Grant W. Walton, “Silent screams and muffled cries: The ineffectiveness of anti-corruption measures in Papua New Guinea,” *Asian Education and Development Studies*, 5 (2) (2016): 218.

<sup>6</sup> United Nations Development Programme, *Practitioners’ Guide: Capacity Assessment of Anti-Corruption Agencies* (New York: UNDP, 2011), p. 8.

<sup>7</sup> Samuel De Jaegere, “Principles for anti-corruption agencies: A game changer,” *Jindal Journal of Public Policy*, 1 (1) (2012): 80.

<sup>8</sup> Luis de Sousa, “Anti-corruption agencies: between empowerment and irrelevance,” *Crime, Law and Social Change*, 53 (1) (February 2010): 5.

<sup>9</sup> Nicholas Charron, “Mapping and measuring the impact of anti-corruption agencies: A new dataset for 18 countries,” (Paper presented at the New Public Management and the Quality of Government Conference in Goteborg, Sweden, 13-15 November, 2008), p. 6.

<sup>10</sup> Gorana Klemencic, Janez Stusek, and Inese Gaika, *Specialised Anti-Corruption Institutions: Review of Models* (Paris: Organisation for Economic Cooperation and Development, 2008), pp. 9-10.

**Table 3: Anti-Corruption Agencies in 27 Asian Countries**

Country	Anti-Corruption Agencies	No.
Japan	No ACA as it relies on the Special Investigation Departments of the Public Prosecutors Offices in Tokyo, Osaka and Nagoya	0
Papua New Guinea	No ACA as it relies on the Ombudsman Commission and the Investigation Task Force Sweep	0
Afghanistan	High Office of Oversight and Anti-Corruption; High Council on Governance, Rule of Law and Anti-Corruption; Anti-Corruption Justice Centre; and Attorney General's Office	4
China	Central Commission for Discipline Inspection, Ministry of Supervision, Supreme People's Procuratorate, and National Prevention Corruption Bureau	4
India	Central Bureau of Investigation, Central Vigilance Commission, State anti-corruption bureaus, and State vigilance organisations	2
Pakistan	National Accountability Bureau and Federal Investigation Agency	2
Philippines	Office of the Ombudsman, <i>Sandiganbayan</i> (Anti-Graft Court), Presidential Commission on Good Government, Inter-Agency Anti-Graft Coordinating Council, and Office of the Deputy Secretary for Legal Affairs	5
Taiwan	Ministry of Investigation Bureau and Agency Against Corruption	2
Vietnam	Government Inspectorate, Central Steering Committee Against Corruption, and People's Procuracy	3
Singapore	Corrupt Practices Investigation Bureau	1
Hong Kong	Independent Commission Against Corruption	1
Brunei Darussalam	Anti-Corruption Bureau	1
Nepal	Commission for the Investigation of Abuse of Authority	1
Sri Lanka	Commission to Investigate Allegations of Bribery or Corruption	1
Macau SAR	Commission Against Corruption	1
Indonesia	<i>Komisi Pemberantasan Korupsi</i> (Corruption Eradication Commission)	1
Bangladesh	Anti-Corruption Commission	1
Lao PDR	Government Inspection Authority	1
Bhutan	Anti-Corruption Commission	1
Mongolia	Independent Authority Against Corruption	1
South Korea	Anti-Corruption and Civil Rights Commission	1
Thailand	National Anti-Corruption Commission	1
Maldives	Anti-Corruption Commission	1
Malaysia	Malaysian Anti-Corruption Commission	1
Timor-Leste	Commission Against Corruption	1
Cambodia	Anti-Corruption Unit	1
Myanmar	Anti-Corruption Commission	1

Source: Compiled by the author.

By contrast, Type B ACAs perform both anti-corruption and non-corruption-related functions in Afghanistan, China, India, Philippines, Taiwan, Vietnam, Macau, Timor-Leste and South Korea. For example, the Office of the Ombudsman (OMB) in the Philippines performs these five functions: (1) investigation of anomalies and inefficiency; (2) prosecution of graft cases in the *Sandiganbayan* (Special Anti-Graft Court); (3) administrative adjudication involving disciplinary control of all elective and appointed officials except for members of Congress and the Judiciary and impeachable officials; (4) provision of assistance by public officials and employees to the public; and (5) graft prevention by analysing anti-corruption measures and increasing public awareness and cooperation.<sup>11</sup>

### Explaining Singapore's and Hong Kong's success

Table 4 confirms that Singapore and Hong Kong SAR are the least corrupt Asian countries according to their performance on eight corruption indicators<sup>12</sup> in 2015-2016. Corruption was widespread in both city-states after the Second World War but is not a serious problem today. There are several reasons for the success of Singapore and Hong Kong SAR in combating corruption.

**Table 4: Singapore's and Hong Kong's Performance on Corruption Indicators**

Indicator	Singapore	Hong Kong SAR
Control of Corruption 2015	2.1 (97.1)	1.7 (92.3)
PERC Survey of Corruption 2016	1 <sup>st</sup> /16 (1.67/10)	4 <sup>th</sup> /16 (3.40/10)
Corruption Perceptions Index 2016	7 <sup>th</sup> /176 (84/100)	15 <sup>th</sup> /176 (77/100)
Diversion of Public Funds 2016	3 <sup>rd</sup> /138 (6.2/7)	12 <sup>th</sup> /138 (5.9/7)
Irregular Payments & Bribes 2016	3 <sup>rd</sup> /138 (6.7/7)	12 <sup>th</sup> /138 (6.3/7)
Organised Crime 2016	7 <sup>th</sup> /138 (6.4/7)	18 <sup>th</sup> /138 (6.0/7)
Ethical Behaviour of Firms 2016	3 <sup>rd</sup> /138 (6.2/7)	17 <sup>th</sup> /138 (5.5/7)
Public Trust in Politicians 2016	1 <sup>st</sup> /138 (6.4/7)	21 <sup>st</sup> /138 (4.6/7)

Sources: World Bank, "Worldwide Governance Indicators 2015," Washington, DC available at: <http://info.worldbank.org/governance/wgi/index.aspx#reports> (accessed 5 February 2017); Political and Economic Risk Consultancy (PERC), "Annual review of corruption in Asia – 2016," *Asian Intelligence*, No. 944, March 30, 2016, p. 1; Transparency International, "Corruption Perceptions Index 2016," Berlin, available at: [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](https://www.transparency.org/news/feature/corruption_perceptions_index_2016) (accessed 25 January 2017); and Klaus Schwab (Ed.), *The Global Competitiveness Report 2016-2017* (Geneva: World Economic Forum, 2016), pp. 197 and 319.

The most important reason for both countries' success in curbing corruption is the strong political will of their political leaders. Corruption was a serious problem in Singapore

<sup>11</sup> Office of the Ombudsman (OMB), *Annual Report 2008* (Diliman: OMB, 2009), pp. 7-8.

<sup>12</sup> Unlike the other seven indicators, "Public Trust in Politicians" is an indirect indicator of the perceived extent of corruption because corruption flourishes in those societies with low levels of trust" and "people are likely to distrust the government" if the ACAs and other anti-corruption policies are ineffective. See Susan Rose-Ackerman and Bonnie J. Palifka, *Corruption and Government: Causes, Consequences, and Reform*, 2<sup>nd</sup> ed. (New York: Cambridge University Press, 2016), pp. 248, 256-257.

during the British colonial period because the government lacked the political will and made two major policy mistakes in its anti-corruption strategy. First, the British colonial government made the Anti-Corruption Branch (ACB) of the Singapore Police Force's Criminal Investigation Department (CID) responsible for corruption control with the enactment of the Prevention of Corruption Ordinance (POCO) in December 1937 even though police corruption was widespread according to the 1879 and 1886 Commissions of Inquiry. However, the ACB was ineffective because it was a Type B ACA and had only 17 personnel to perform both anti-corruption and non-corruption-related functions. As part of the CID, the ACB's function of fighting corruption was not given top priority and compromised by the prevalence of police corruption. The folly of making the ACB responsible for corruption control was exposed by the revelation of the Opium Hijacking scandal in October 1951 when a gang of robbers, which included three police detectives, had stolen 1,800 pounds of opium worth S\$400,000 (US\$133,333). The ACB's failure to combat corruption made the British colonial government realise its mistake and resulted in the formation of the CPIB in October 1952 as an independent Type A ACA outside the jurisdiction of the police.<sup>13</sup>

The second policy mistake of the British colonial government was its failure to provide sufficient legal powers, budget and personnel to the CPIB during its first eight years. The CPIB began its operations in October 1952 with R. Middleton-Smith as its director and 12 officers, who were on short secondment from the police. However, the CPIB was ineffective in curbing police corruption because of its investigation officers' "short secondment and limited time and capacity to conduct thorough investigations" and "the social stigma of investigating fellow police officers."<sup>14</sup>

Learning from the mistakes of the British colonial government, the People's Action Party (PAP) government, which assumed office in June 1959, retained the CPIB as an independent Type A ACA and enhanced its effectiveness by enacting the Prevention of Corruption Act (POCA) in June 1960 to strengthen its legal powers and increasing its budget and personnel. The POCA empowers the CPIB Director and officers to arrest and search persons and to investigate their bank accounts, income taxes, and other documents. Most importantly, section 24 assists the CPIB officers investigating corruption cases by requiring those accused persons to account for their "pecuniary resources or property" that are disproportionate to their known sources of income.<sup>15</sup>

**Table 5: CPIB's Budget and Personnel, 2008-2015**

CPIB	2008	2010	2012	2014	2015
Budget (in millions)	US\$11.2	US\$14.7	US\$20.3	US\$29.3	US\$26.8
Personnel	86	90	138	205	232
Per capita expenditure	US\$2.32	US\$2.90	US\$3.82	US\$5.36	US\$4.87
Staff-population ratio	1:56,163	1:56,408	1:38,496	1:26,682	1:23,858

<sup>13</sup> Jon S.T. Quah, *Combating Corruption Singapore-Style: Lessons for other Asian countries* (Baltimore, MD: School of Law, University of Maryland, 2007), pp. 14-16.

<sup>14</sup> CPIB, *The Journey: 60 Years of Fighting Corruption in Singapore* (Singapore: CPIB, 2012), p. 18.

<sup>15</sup> Quah, *Curbing Corruption in Asian Countries*, p. 220.

Source: Compiled and calculated by the author from the CPIB's budget and personnel in Republic of Singapore, *Singapore Budget 2008-2016: Annex to the Expenditure Estimates* (Singapore: Budget Division, Ministry of Finance, 2008-2016), various pages.

The PAP government also demonstrated its strong political will to curb corruption by providing the CPIB with the necessary budget and personnel to perform its functions effectively. The growth in the CPIB's budget and personnel from 2008-2015 is shown in Table 5 and reflected in the increase of its per capita expenditure from US\$2.32 in 2008 to US\$4.87 in 2015. Similarly, the CPIB's staff-population ratio has improved from 1:56,163 to 1:23,858 during the same period.

Corruption was also a serious problem in Hong Kong during the British colonial period. Leslie Palmier contended that corruption was already a way of life among the Chinese population in Hong Kong when the British acquired it in 1841.<sup>16</sup> Hong Kong provided "a fertile soil for corruption to flourish" because the rapid population increase during 1945-1974 severely strained the provision of social services and food, housing, water, schools, health care and other services were in short supply. The government's monopoly and regulation of various activities and the discretion given to those civil servants in charge provided many opportunities for corruption, especially in the police, customs and excise service, immigration department, fire and ambulance services, and the prison service.<sup>17</sup>

Even though the police was the most corrupt government department in Hong Kong,<sup>18</sup> the Anti-Corruption Branch (ACB) was created as a special unit within the CID of the Royal Hong Kong Police Force (RHKPF) in 1948 to investigate and prosecute corruption cases.<sup>19</sup> As part of the ACB's review of the POCO, a study team visited Singapore in 1968 to examine how its anti-corruption laws worked in practice. The government and the RHKPF did not support the study team's recommendation of establishing an independent ACA. The ACB, which was separated from the CID in 1952, was instead upgraded into the Anti-Corruption Office (ACO) with the enactment of the Prevention of Bribery Ordinance (POBO) in May 1971.<sup>20</sup> However, the escape of a corruption suspect, Chief Superintendent of Police, Peter F. Godber, on 8 June 1973, to Britain angered the public and undermined the ACO's credibility. The government responded by appointing a Commission of Inquiry chaired by Sir Alastair Blair-Kerr to investigate the circumstances that enabled Godber to leave Hong Kong and to evaluate the POBO's effectiveness.<sup>21</sup>

The governor, Sir Murray MacLehose, accepted Sir Alastair's advice of considering public opinion and decided for political and psychological reasons to establish a new ACA that was independent of the police. Governor MacLehose's decision was path-breaking

<sup>16</sup> Leslie Palmier, *The Control of Bureaucratic Corruption: Case Studies in Asia* (New Delhi: Allied Publishers, 1985), p. 123.

<sup>17</sup> Bertrand de Speville, *Hong Kong: Policy Initiatives against Corruption* (Paris: Development Centre of the Organisation for Economic Cooperation and Development, 1997), pp. 11-14.

<sup>18</sup> Palmier, *The Control of Bureaucratic Corruption*, p. 123.

<sup>19</sup> Kuan Hsin-Chi, "Anti-corruption legislation in Hong Kong – A history," in Rance P.L. Lee (Ed.), *Corruption and its Control in Hong Kong: Situations up to the late Seventies* (Hong Kong: Chinese University Press, 1981), p. 24.

<sup>20</sup> H.J. Lethbridge, *Hard Graft in Hong Kong: Scandal, Corruption, the ICAC* (Hong Kong: Oxford University Press, 1985), p. 98.

<sup>21</sup> Quah, *Curbing Corruption in Asian Countries*, p. 252.

because his predecessors and previous committees had deferred to the police for fear that police morale would suffer if corruption control was transferred to an independent agency.<sup>22</sup> Consequently, the ICAC was established on 15 February 1974 with the enactment of the ICAC Ordinance of 1974. The ICAC's functions are: "to root out corruption and to restore public confidence in the Government."<sup>23</sup> The ICAC was provided with adequate budget and personnel to perform its functions effectively. It began in 1974 with 369 personnel and a budget of HK\$16,108,152 (US\$2,065,148). However, 40 years later, the ICAC's budget has increased by 58 times to HK\$937.12 million (US\$120.14 million) and its number of personnel rose by nearly four times to 1,358 in 2014.<sup>24</sup> This means that the ICAC's per capita expenditure was US\$16.59 and its staff-population ratio was 1:5,333 in 2014.<sup>25</sup>

Apart from providing the CPIB and ICAC with the necessary legal powers, budget, personnel, their governments have also provided these ACAs with the operational autonomy to perform their functions without political interference so that they can perform the role of an independent watchdog by investigating all corruption cases, without fear or favour and regardless of the position or status of those persons under investigation. Robert Gregory has described the CPIB and ICAC as good examples of ACAs with high *de facto* independence and high operational impartiality. Even though the CPIB comes under the jurisdiction of the Prime Minister's Office in Singapore, the Prime Minister does not interfere in its daily operations and the CPIB Director reports to the secretary to the cabinet. The CPIB's operational impartiality has been protected by the PAP leaders whose "political self-denial" has maintained its *de facto* independence, which has sustained its impartial reputation and popular legitimacy.<sup>26</sup>

Another important reason for the success of the CPIB and ICAC is their impartial enforcement of the anti-corruption laws in Singapore and Hong Kong, respectively. This means that anyone found guilty of a corruption offence is punished regardless of his or her position, status, or political affiliation. The CPIB has investigated five PAP leaders and eight senior civil servants in Singapore without fear or favour from 1966-2014. For example, the CPIB's Assistant Director, Edwin Yeo, was charged on 24 July 2013 with misappropriating S\$1.76 million (US\$1.41 million) from 2008-2012. He was found guilty of criminal breach of trust and for forgery and sentenced to 10 years imprisonment on 20 February 2014.<sup>27</sup>

Similarly, the ICAC has not hesitated to investigate political leaders and senior civil servants in Hong Kong if they are accused of corruption offences. The investigation of the

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<sup>22</sup> *Ibid.*, pp. 252-253.

<sup>23</sup> Jeremiah K.H. Wong, "The ICAC and its anti-corruption measures," in Lee (Ed.), *Corruption and its Control in Hong Kong*, p. 45.

<sup>24</sup> ICAC Budget 2014, "Head 72 Independent Commission Against Corruption," available at: [www.budget.gov.hk/2014/eng/pdf/head072.pdf](http://www.budget.gov.hk/2014/eng/pdf/head072.pdf) (accessed 24 November 2015) and ICAC, *Annual Report 2014* (Hong Kong: ICAC, 2015), p. 25.

<sup>25</sup> Hong Kong had a population of 7,241,700 persons in June 2014. See "Hong Kong: The Facts," available at: <http://www.gov.hk/en/about/abouthk/factsheets/docs/population.pdf> (accessed 27 February 2017).

<sup>26</sup> Robert Gregory, "Political independence, operational impartiality, and the effectiveness of anti-corruption agencies," *Asian Education and Development Studies*, 4 (1) (2015): 130-131.

<sup>27</sup> Jon S.T. Quah, "Singapore's Corrupt Practices Investigation Bureau: Four suggestions for enhancing its effectiveness," *Asian Education and Development Studies*, 4 (1) (2015): 77, 80-81.

corruption scandals involving the former Chief Executive, Donald Tsang, in February and April 2012<sup>28</sup> culminated in his conviction on 17 February 2017 for misconduct in public office for not disclosing his rental negotiations with property tycoon, Bill Wong, while his Cabinet was reviewing a digital broadcasting licence by Wong's radio company.<sup>29</sup> Tsang was sentenced to 20 months imprisonment on 22 February 2017. Commenting on the verdict and sentencing, Alan Leong, a former leader of the pro-democracy Civic Party, observed that:

Clearly the rule of law prevails and is very much alive and kicking in Hong Kong. ... The takeaway is that those who occupy public office – especially high office – ought to be whiter than white.<sup>30</sup>

Finally, Singapore and Hong Kong have succeeded in minimising corruption because of their comprehensive approach in dealing with all corruption complaints. The CPIB has adopted a “total approach to enforcement” and deals with both major and minor cases of public and private sector corruption, as well as “both giver and receiver of bribes” and other crimes uncovered in the investigation of corruption complaints.<sup>31</sup> Bertrand de Speville, the ICAC Commissioner from 1992-1997, has contended that the ICAC has succeeded in gaining public confidence by ensuring that all corruption reports, no matter how small, are investigated and kept confidential.<sup>32</sup> In the same vein, Fanny Law, a former ICAC Commissioner from October 2006 to June 2007, has attributed Hong Kong's “sound integrity system” to these four strengths: a strong political will to curb corruption; a common integrity framework for civil servants, politicians, judicial officers, and staff of the watchdog agencies; a vibrant civil society with independent media and nongovernment organisations; and an independent ICAC with a comprehensive anti-corruption programme.<sup>33</sup>

### China's Flawed ACAs and Anti-Corruption Campaigns

Corruption was a problem in China during Mao Zedong's era (1949-1976), but its magnitude pales in comparison to the exponential growth of corruption cases during the post-Mao era. The scale of corruption has increased exponentially from bribes of 100,000 yuan per case in the late 1970s to bribes of millions of yuan per case in the late 1990s.<sup>34</sup> Deng Xiaoping's “Open Door” policy gave rise to many corrupt practices and rampant corruption in Fujian, Zhejiang and Guangdong Provinces. Consequently, the number of corruption cases in China exploded in the 1980s and 1990s and involved both larger sums of money and more senior

<sup>28</sup> For details of these scandals, see Ian Scott, “Political scandals and the accountability of the Chief Executive in Hong Kong,” *Asian Survey*, 54 (5): 966-967.

<sup>29</sup> “Ex-HK chief guilty of misconduct in office,” *Straits Times*, February 18, 2017, p. A12.

<sup>30</sup> “Ex-HK chief jailed 20 months for misconduct,” *Straits Times*, February 23, 2017, p. A3.

<sup>31</sup> Soh Kee Hian, “Corruption enforcement,” (Paper presented at the Second Seminar of the International Association of Anti-Corruption Associations, in Chongqing, China, May 17-18, 2008), pp. 1-2. Soh was the CPIB Director from 2005-2010.

<sup>32</sup> De Speville, *Hong Kong*, pp. 55-56.

<sup>33</sup> Fanny Law, “The Hong Kong integrity system,” in Leo Huberts, Frank Anechiarico and Frederic Six (Eds.), *Local Integrity Systems: World Cities Fighting Corruption and Safeguarding Integrity* (The Hague: BJu Legal Publishers, 2008), pp. 98-99.

<sup>34</sup> Dali L. Yang, *Remaking the Chinese Leviathan: Market Transition and the Politics of Governance in China* (Stanford, CA: Stanford University Press, 2004), p. 219.

officials too.<sup>35</sup> Among the 736,473 corruption cases investigated by the Procuratorates from 1980-2000, 404,548 cases (55 per cent) involved the embezzlement of public assets, 207,153 cases (28 per cent) concerned bribery, and 124,778 cases (17 per cent) dealt with the misuse of public funds.<sup>36</sup> The transition from state socialism to a market economy in China during the reform period increased the opportunities for corruption for public officials and replaced non-economic corruption with economic corruption.<sup>37</sup>

**Table 6: China's Performance on Corruption Indicators, 2015-2016**

Indicator	China
Control of Corruption 2015	-0.27 (50.00)
PERC Survey of Corruption 2016	11 <sup>th</sup> /16 (7.50/10)
Corruption Perceptions Index 2016	79 <sup>th</sup> /176 (40/100)
Diversion of Public Funds 2016	44 <sup>th</sup> /138 (4.1/7)
Irregular Payments & Bribes 2016	54 <sup>th</sup> /138 (4.3/7)
Organised Crime 2016	78 <sup>th</sup> /138 (4.7/7)
Ethical Behaviour of Firms 2016	52 <sup>nd</sup> /138 (4.1/7)
Public Trust in Politicians 2016	30 <sup>th</sup> /138 (4.2/7)

Source: As in Table 4 and Klaus Schwab (Ed.), *The Global Competitive-ness Report 2016-2017* (Geneva: World Economic Forum, 2016), p. 147.

Table 6 shows that China has a high level of perceived extent of corruption according to the eight corruption indicators from 2015-2016. While China's score on the PERC survey has worsened from 7.3 in 1995 to 7.5 in 2016, its CPI score has increased from 21.6 to 40 during the same period.<sup>38</sup> However, corruption remains an intractable and "maddingly resilient" problem in China today.<sup>39</sup>

#### *Reliance on multiple ACAs*

Unlike Singapore and Hong Kong, China relies on these four ACAs to implement its anti-corruption laws: the Central Commission for Discipline Inspection (CCDI); the Ministry of Supervision (MOS); the Supreme People's Procuratorate (SPP); and the National Corruption Prevention Bureau (NCPB), as shown in Table 7.

The CCDI's role as the chief coordinator of the anti-corruption efforts of the Chinese Communist Party (CCP) and as China's lead ACA was recognised at the 16<sup>th</sup> Party Congress in

<sup>35</sup> Melanie Manion, *Corruption by Design: Building Clean Government in Mainland China and Hong Kong* (Cambridge, MA: Harvard University Press, 2004), pp. 84-85.

<sup>36</sup> Ibid., p. 88; and Jon S.T. Quah, *Minimizing Corruption in China: Is this an Impossible Dream?* (Baltimore, MD: Carey School of Law, University of Maryland, 2013), pp. 34-35.

<sup>37</sup> Xiaobo Lu, *Cadres and Corruption: The Organisational Involvement of the Chinese Communist Party* (Stanford, CA: Stanford University Press, 2000), pp. 190-192.

<sup>38</sup> Jon S.T. Quah, "Singapore's success in combating corruption: Four lessons for China," *American Journal of Chinese Studies*, 23 (2): 196.

<sup>39</sup> Robert Lawrence Kuhn, *How China's Leaders Think: The Inside Story of China's Past, Current and Future Leaders*, Revised edition (Singapore: John Wiley & Sons Asia, 2011), p. 180.

2002.<sup>40</sup> As the ACAs employ a sectoral approach to investigate corruption, the CCDI and the Discipline Inspection Commissions (DICs) only deal with CCP officials who are accused of corruption. The CCDI is not a statutory law supervision agency like the SPP but the CCP's internal disciplinary agency responsible for investigating corruption involving party members.

**Table 7: China's Anti-Corruption Agencies**

Anti-Corruption Agency	Year formed	Functions
<b>Central Commission for Discipline Inspection</b> (Branches in provinces, municipalities, counties) Lead ACA	1978	Investigating and prosecuting corruption cases in Chinese Communist Party
<b>Supreme People's Procuratorate</b> Procuratorial Division of Graft & Bribery Bureau for Embezzlement & Bribery General Bureau of Anti-Corruption Anti-Corruption & Anti-Bribery General Office	1978 1989 1989 1995	Investigating and prosecuting corruption cases in the judicial sector
<b>Ministry of Supervision</b> (Branches in provinces, municipalities, counties) Merged with CCDI in 1993	1986	Investigating and prosecuting corruption cases in the civil service
<b>National Corruption Prevention Bureau</b>	2007	Preventing corruption; monitoring asset transfer; and information sharing in private organisations

Source: Jon S.T. Quah, *Minimizing Corruption in China: Is this an Impossible Dream?* (Baltimore, MD: Carey School of Law, University of Maryland, 2013), p. 65, Table 8.

The SPP was re-established in 1978 to combat judicial corruption. Anti-corruption efforts in the SPP were institutionalised after the Tiananmen anti-corruption and democracy movement in 1989 with the establishment of the Procuratorial Division of Graft and Bribery, the Bureau for Embezzlement and Bribery of the People's Procuratorate, and the General Bureau of Anti-Corruption.<sup>41</sup> In December 1995, the SPP further strengthened its capacity by creating an Anti-Corruption and Anti-Bribery General Office and similar offices at the provincial level in 28 provincial procuratorates and at the municipal level in nearly 300 municipal procuratorates.<sup>42</sup>

<sup>40</sup> Ting Gong, "The party discipline inspection in China: Its evolving trajectory and embedded dilemmas," *Crime, Law and Social Change*, 49 (2) (March 2008): 147.

<sup>41</sup> Stephen K. Ma, "The dual nature of anti-corruption agencies in China," *Crime, Law and Social Change*, 49 (2) (March 2008): 154.

<sup>42</sup> Jon S.T. Quah, *Hunting the Corrupt "Tigers" and "Flies" in China: An Evaluation of Xi Jinping's Anti-Corruption Campaign (November 2012 to March 2015)* (Baltimore, MD: Carey School of Law, University of Maryland, 2015), p. 27.

The MOS was dissolved in 1959 but was restored by the Standing Committee of the 6<sup>th</sup> National People's Congress in December 1986 to curb corruption in the civil service.<sup>43</sup> It is responsible for checking "all contracts signed with foreign interests for any indications of 'corruption'—from failure to provide for compensation within legal limits to undercover arrangements that amount to bribery."<sup>44</sup> The MOS also receives and investigates complaints about civil servants and personnel of state administrative departments violating administrative procedures. The CCDI and MOS have their counterparts at the provincial, municipal and county levels. As most civil servants are also CCP members, the MOS and CCDI merged in January 1993 after working together for six years. Nevertheless, both ACAs have retained their separate organisational identities, with the MOS being responsible for the control of administrative punishment in State Council organs and the CCDI focusing instead on the punishment of the CCP members.<sup>45</sup>

Unlike the other three ACAs, which focus on the investigation and prosecution of corruption offences among public officials, the NCPB was formed on 13 September 2007 as China's fourth ACA to implement preventive measures, monitor the transfer of assets across the organisations, facilitate and promote information sharing between agencies, and police corrupt practices among private enterprises, social organisations, and nongovernment organisations. Thus, the NCPB focuses on corruption prevention and private sector corruption, which are not dealt with by the CCDI, SPP and MOS. The NCPB is located within the MOS and has 30 personnel drawn from the Ministry of Justice, the Supreme People's Court and the SPP.<sup>46</sup>

The CCDI, MOS and SPP are ineffective ACAs because of "limited coordination between the three agencies, a lack of timely, actionable information, and narrow oversight capabilities all hinder anti-corruption work."<sup>47</sup> However, the NCPB cannot enhance coordination and facilitate cooperation among the ACAs in China because apart from its limited independence and minimal enforcement capabilities, its creation has increased complexity instead of improving coordination. The NCPB is in "a highly untenable position" because it lacks the power to enforce its mandate of coordinating the work of the ACAs.<sup>48</sup> Indeed, the NCPB's creation was "symbolic" as it cannot investigate individual cases of corruption.<sup>49</sup>

The division of labour and power among China's four ACAs is unequal with the CCDI being the most powerful as the lead ACA and being responsible for disciplining CCP members accused of corruption offences. Those found guilty of disciplinary offences, including corruption, are punished according to the severity of their offences. Punishments

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<sup>43</sup> Ma, "The dual nature of anti-corruption agencies in China," 154.

<sup>44</sup> Boye Lafayette De Mente, *The Chinese Way in Business: The Secrets of Successful Business Dealings in China* (Tokyo: Tuttle Publishing, 2013), p. 99.

<sup>45</sup> David Shambaugh, *China's Communist Party: Atrophy and Adaptation* (Washington, DC: Woodrow Wilson Center Press, 2008), pp. 132-133.

<sup>46</sup> Jeffrey Becker, "Tackling corruption at its source: The National Corruption Prevention Bureau," *Journal of Chinese Political Studies*, 13 (3) (2008): 291.

<sup>47</sup> *Ibid.*, 287.

<sup>48</sup> *Ibid.*, 297-299.

<sup>49</sup> Chen Gang and Zhu Jinjing, "China's recent clampdown on high-stakes corruption," *EAI Background Brief*, No. 490 (Singapore: East Asian Institute, National University of Singapore, November 19, 2009), p. 13.

include a warning, serious warning, demotion from duty, expulsion from the CCP with a two-year probation period, or expulsion from the CCP and transfer to the judicial system for those accused of accepting bribes exceeding 5,000 yuan.<sup>50</sup> The CCDI was criticised by Flora Sapio for protecting party cadres who were under investigation by shielding them in “a safe nest” and exempting them from criminal punishment.<sup>51</sup> Consequently, the conviction rate of CCP members being investigated for misconduct is low as only 1,915 (6.6 per cent) of the 28,901 cadres disciplined by the CCDI during 1993-1998 were sentenced by the courts.<sup>52</sup>

The CCP has treated its corrupt members leniently because of the political tradition of not imposing the legal penalty for corrupt party members in order to avoid embarrassing the CCP and government and prevent the erosion of official authority. Thus, instead of punishing high-ranking officials, which is shameful and threatens the authority of the CCP and government, the preferred option is to rely on “internal resolution.” Not surprisingly, corrupt party officials believe that they would unlikely be caught and punished.<sup>53</sup>

As not all officials who are suspected of corruption and investigated in China are convicted, there are three reasons why some corrupt officials are punished less severely. First, those corrupt officials who are cooperative, make voluntary confessions, provide information on the corruption of other officials, and return illegal income to the government, are punished less severely. Second, some corrupt officials receive less harsh punishment depending on the definition of the amount of money embezzled or bribes received. Third, when there are many corrupt officials, only seriously corrupt officials are punished but the less corrupt officials are exempted from punishment in order to avoid paralysing the operations of the city or local government. Indeed, “when the number of corrupt agents becomes too high, curbing corruption becomes too difficult, if not impossible.”<sup>54</sup> The inconsistencies in investigating and punishing corrupt officials at both the central and local levels in China have undermined the credibility of the disciplinary agencies and encouraged the belief among the officials that they would unlikely be punished for corrupt offences.<sup>55</sup>

In addition to replacing harsh criminal punishment with the disciplinary action for corrupt officials, the probability of establishing their guilt is very low because of the limited investigative skills and experience of the DIC personnel and the fact that it takes nine months for them to complete their investigations.<sup>56</sup> This means that corrupt officials can cover their tracks and destroy incriminating evidence to avoid punishment because of the

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<sup>50</sup> Flora Sapio, *Implementing Anti-Corruption in the PRC: Patterns of Selectivity* (Lund: Centre for East and Southeast Asian Studies, Lund University, Working Paper No. 10, 2005), pp. 8 and 10.

<sup>51</sup> *Ibid.*, pp. 8-9.

<sup>52</sup> Minxin Pei, *China's Trapped Transition: The Limits of Developmental Autocracy* (Cambridge, MA: Harvard University Press, 2006), p. 153.

<sup>53</sup> Lening Zhang, “White-collar crime: Bribery and corruption in China,” in Jianhong Liu, Lening Zhang and Steven F. Messner (Eds.), *Crime and Social Control in China* (Westport, CT: Greenwood Press, 2001), pp. 28 and 33.

<sup>54</sup> Yongshun Cai, *State and Agents in China: Disciplining Government Officials* (Stanford CA: Stanford University Press, 2015), pp. 130-131.

<sup>55</sup> *Ibid.*, p. 133.

<sup>56</sup> Manion, *Corruption by Design*, pp. 132-134.

DIC personnel's poor investigative skills and inordinate delay in completing their investigations.<sup>57</sup>

Apart from the limited capacity of the CCDI and DICs personnel, all the four ACAs are also not independent. The CCDI members are elected for five years by the CCP's Central Committee. The MOS is a functional department of the State Council and its minister is nominated by the Premier and approved by the National People's Congress or its standing committee. The budgets of the CCDI and MOS are also approved by the People's congresses at the same level.<sup>58</sup> The CCDI and DICs have encountered many difficulties because of their lack of sufficient operational autonomy from the CCP.<sup>59</sup> The SPP's independence is compromised in practice by the power of the local party committee and local people's government regarding the appointment, promotion, transfer or removal of procuratorial personnel and the funding of the procuratorates.<sup>60</sup>

### *Reliance on anti-corruption campaigns*

Apart from relying on the four ACAs to implement the anti-corruption laws and regulations, the CCP also relies on anti-corruption campaigns to enhance the enforcement of these laws and regulations. In China, a mass campaign is "a series of organised, planned actions for a particular purpose, usually involving the mobilisation of a large number of people to engage in highly visible, intensive, and concentrated activities."<sup>61</sup> The anti-corruption campaigns in China during the 1980s and 1990s were anti-corruption struggles (*fan fubai douzheng*) characterised by these two features: enhanced publicity to encourage the public to report corruption and corrupt officials to confess their misconduct and the demand by the political leaders to increase the enforcement of the anti-corruption measures.<sup>62</sup>

In November 2012, President Xi Jinping launched an anti-corruption campaign to eliminate the "tigers and flies" or those senior and junior officials who had become rich through bribery and patronage. Following Liu's classification, Xi's campaign is a functionally specific campaign with two target groups because it is directed at both the "tigers and flies." Xi's campaign is also an ideological and struggle campaign aimed at changing the corrupt behaviour of both senior and junior officials as well as eroding the power base and/or class position of enemy classes or groups.<sup>63</sup>

Xi's anti-corruption campaign has five features. First, it is the most durable campaign as it has lasted for four and a half years to date. Second, Xi's campaign focuses on these four aspects: (1) grassroots level where whistle-blowers and netizens use social media to expose low-ranking corrupt officials; (2) corrupt officials below the county and department levels; (3) private sector corruption; and (4) corruption as a weapon in factional infighting among

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<sup>57</sup> Ibid., p. 135.

<sup>58</sup> Yong Guo, *National Integrity Systems Transparency International Country Study Report: China 2006* (Berlin: Transparency International, 2006), p. 26.

<sup>59</sup> Quah, *Hunting the Corrupt "Tigers" and "Flies" in China*, p. 31.

<sup>60</sup> Ibid., p. 32.

<sup>61</sup> Alan P.L. Liu, "Mass campaigns and political development in China," *Current Scene*, 11 (8) (August 1973): 1.

<sup>62</sup> Manion, *Corruption by Design*, p. 161.

<sup>63</sup> Quah, *Hunting the Corrupt "Tigers" and "Flies" in China*, p. 41.

the CCP leaders.<sup>64</sup> Third, Xi's campaign curbs the Chinese officials' extravagance on the three public expenses on vehicles, banquets, and overseas trips or *sangong xiaofei*, which has generated a great deal of public criticism. The "Eight Directives" (*baxiang guiding*) to streamline the bureaucracy and curb waste and extravagance were approved by the CCP Politburo on 4 December 2012 and implemented in the provinces and municipalities from January 2013.<sup>65</sup> Fourth, the CCDI has despatched 20 inspection teams (*xunshizu*) across China to investigate corruption in corruption-prone provinces, ministries, state corporations and public agencies in 2013.<sup>66</sup> Similarly, in 2014, 26 inspection teams were sent by the CCDI to Beijing, Shanghai, Tianjin, 13 provinces, three autonomous regions, three corporations, two ministries and two universities.<sup>67</sup> The CCDI has stationed 53 DICs in 48 leadership bodies among the ministries and agencies of the State Council, the Supreme People's Court, the SPP, and major state-owned enterprises.<sup>68</sup> Fifth, Xi's campaign has resulted in the investigation of 74 civilian "tigers" or officials of vice-ministerial rank or above and 30 military "tigers" in the People's Liberation Army (PLA) from November 2012 to May 2015.<sup>69</sup> Furthermore, over 180,000 CCP members and government officials, 74 provincial level officials, 4,024 PLA officers (including 82 generals), and 68 ministerial and vice-ministerial level officials were investigated and punished during 2013-2014.<sup>70</sup>

While Xi Jinping's anti-corruption campaign is "both qualitatively and quantitatively more intense"<sup>71</sup> than previous campaigns, it is ineffective for three reasons. First, the Achilles' heel of Xi's campaign is that it has treated the symptoms of corruption instead of addressing its causes. Instead of addressing all the five causes of corruption in China, Xi's campaign has focused only on discouraging the cultural practices of *guanxi* (connections) and gift-giving by curbing official extravagance on the three public expenses of cars, banquets, and overseas trips. In addition to the "Eight Directives", the State Council issued on 25 November 2013 a regulation to ban all government agencies from using public funds to organise galas. This was followed by another regulation in December 2013 that removed shark's fin soup, bird's nest soup and wild animal products from the menu and prohibited the provision of free cigarettes and expensive liquor at official dinners.<sup>72</sup> Xi himself set an example by having a simple dinner of "four dishes and a soup" during his official visit to Fuping county in Hebei Province in late December 2012.<sup>73</sup> The State Council circulated on 18 December 2013 guidelines for "funeral and internment reform" to ensure that CCP

<sup>64</sup> Andrew Wedeman, "Xi Jinping's tiger hunt and the politics of corruption," *China Research*, 13 (2) (October 15, 2014): 204.

<sup>65</sup> Shi Jiangtao, "Xi Jinping's guidelines to cut back extravagance go into effect," *South China Morning Post*, January 4, 2013.

<sup>66</sup> Chen Gang, "The 'tigers' in Xi Jinping's anti-corruption campaign," *EAI Background Brief*, No. 933 (Singapore: East Asian Institute, National University of Singapore, June 30, 2014), p. 9.

<sup>67</sup> Chen Gang, "Wang Qishan and China's Central Commission for Discipline Inspection," *EAI Background Brief*, No. 1012 (Singapore: East Asian Institute, National University of Singapore, April 2, 2015), pp. 16-17.

<sup>68</sup> Cheng Li, *Chinese Politics in the Xi Jinping Era: Reassessing Collective Leadership* (Washington, DC: Brookings Institution Press, 2016), p. 48.

<sup>69</sup> Quah, *Hunting the Corrupt "Tigers" and "Flies" in China*, pp. 41-54.

<sup>70</sup> David Shambaugh, *China's Future* (Cambridge: Polity Press, 2016), p. 119.

<sup>71</sup> Merridan Varrall, "Corruption in China: The Cultural Divide," *The Interpreter*, September 23, 2014.

<sup>72</sup> J.T. Quigley, "No more shark's fin soup and bird's nest soup at CCP banquets," *The Diplomat*, December 9, 2013.

<sup>73</sup> Brian Spegele, "Xi eats plainly amid focus on official waistlines," *Wall Street Journal*, December 31, 2012.

members and officials set an example for others by having “simple, civilised funerals without monumental gravestones, fireworks and the practice of collecting gifts (bribes).”<sup>74</sup>

This means that the other four causes of low salaries of officials, red tape, low probability of detection and punishment of corrupt offenders, and discretion of local officials without accountability, have not been addressed by the CCP.<sup>75</sup> Corruption in China cannot be minimised unless the CCP also initiates appropriate measures to deal with these causes. This limitation of Xi’s campaign was admitted by Wang Qishan, the CCDI’s Secretary, in October 2014 when he admitted that “it’s necessary to address the symptoms of corruption before treating its root causes.”<sup>76</sup> In the same vein, David Shambaugh observes that Xi’s campaign has targeted “the behavioural *manifestations* of corruption (bribery, private villas, lavish lifestyles, luxury goods, mistresses)” but “not the systemic *sources* of corruption (lack of transparency, lack of autonomous media, lack of autonomous judiciary, rent-seeking, slack auditing and tax systems, and lack of political competition).”<sup>77</sup> In short, after four and a half years, Xi’s campaign is still focusing on the symptoms of corruption without treating the other four causes.

The second limitation of Xi’s anti-graft campaign is the selective enforcement of the anti-corruption laws by China’s ACAs. Unlike Singapore’s CPIB which has enforced the POCA impartially, the ACAs in China have not enforced the anti-corruption laws impartially for two reasons. First, as mentioned earlier, the CCP enforces the anti-corruption laws selectively by protecting its corrupt members by handing them over to the CCDI to discipline them internally within the Party instead of transferring them to the SPP for criminal investigation and prosecution. The second reason is that not all the corrupt officials are protected by the CCP, especially those who are viewed to be political opponents by the CCP leaders. Xi’s campaign has been described as “a selective purge” because “many members of Jiang Zemin’s factional network, and a rising number of Hu Jintao’s, have been brought down—yet none of Xi’s own princeling associates have been touched.”<sup>78</sup> Thus, the acid test of the impartiality of Xi’s anti-corruption campaign would be the investigation and prosecution of all “tigers and flies,” regardless of their political affiliation or membership of factions within the CCP.

The third limitation of Xi’s anti-corruption campaign, which is related to the previous weakness, is the reliance of the CCP leaders on corruption as a weapon against their political opponents, as shown in the persecution of Chen Xitong, Chen Liangyu, Bo Xilai and Zhou Yongkang from 1995 to 2014. These four party leaders were prosecuted not only for their corruption offences but more importantly because they posed a threat to the consolidation of power of Presidents Jiang Zemin, Hu Jintao and Xi Jinping, respectively. China is not unique in using the CCDI as an attack dog against the CCP’s political foes because “the

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<sup>74</sup> Christina Larson, “China’s anti-graft campaign bans luxury funerals,” *Bloomberg Business*, December 20, 2013.

<sup>75</sup> For a comprehensive analysis of the causes of corruption in China, see Quah, *Minimizing Corruption in China*, pp. 41-58.

<sup>76</sup> Sun Xiaobo, “Institutionalising anti-corruption a vital task,” *Global Times*, October 19, 2014.

<sup>77</sup> Shambaugh, *China’s Future*, p. 120.

<sup>78</sup> *Ibid.*, pp. 119-120.

tendency to use corruption to settle political scores is widespread” in Cambodia, Indonesia, Malaysia and Vietnam too.<sup>79</sup>

I concluded my 2015 evaluation of Xi Jinping’s anti-corruption campaign with this pessimistic prediction:

... even if President Xi continues his anti-corruption campaign until the end of his ten-year term of office in November 2022, the corrupt “tigers” and “flies” will resume business as usual the next day as though the campaign has not occurred at all simply because the incentives and opportunities for corruption persist in China and will prove to be irresistible to them once again. Indeed, without tackling the underlying causes of corruption, no anti-corruption campaign, no matter how long it lasts or how intensive it is, can minimise the systemic corruption in China.<sup>80</sup>

### India’s Ineffective Anti-Corruption Agencies

Like China, India also relies on multiple ineffective ACAs to curb corruption. The Central Bureau of Investigation (CBI) and the Central Vigilance Commission (CVC) are the most important ACAs in India, with the CBI as the lead ACA. However, as India is a sub-continent and the seventh largest country in the world with a land area of 3,287,263 sq. km,<sup>81</sup> the CBI and CVC rely on a vast network in the 28 states with their own anti-corruption bureaus (ACBs) and state vigilance commissions (SVCs) to deal, respectively, with anti-corruption and vigilance work, but the ACBs derive their powers of investigation from the Police Act because they are regular police units. The CBI has 16 zones and 60 branches, with each state having at least a branch or unit at the state capital or at a major city. The SVCs are patterned after the CVC and are assisted by the special police establishments in conducting investigations of corruption by public servants.<sup>82</sup>

Corruption was made an offence in the Indian Penal Code in 1860 but India’s battle against corruption only began with the creation of the Delhi Special Police Establishment (DSPE) in 1941 to “investigate cases of bribery and corruption in transactions” involving the War and Supply Departments because the tremendous increase in expenditure during the early stages of the Second World War provided many opportunities for corruption.<sup>83</sup> The CBI was established by the Government of India (GOI) in April 1963 by incorporating the DSPE as the Investigation and Anti-Corruption Division with five other divisions. The CBI performs these functions: (1) combating public sector corruption and curbing economic and violent crimes through investigation and prosecution; (2) ensuring “effective systems and procedures for successful investigation and prosecution of cases in various law courts”; (3) fighting cyber and high technology crime; (4) supporting state police organisations and law

<sup>79</sup> Dini Djalal, “Southeast Asia,” in Robin Hodess (Ed.), *Global Corruption Report 2001* (Berlin: Transparency International, 2001), pp. 32-33.

<sup>80</sup> Quah, *Hunting the Corrupt “Tigers” and “Flies” in China*, p. 96.

<sup>81</sup> Economist, *Pocket World in Figures 2016 Edition* (London: Profile Books, 2016), pp. 14, 156.

<sup>82</sup> Quah, *Curbing Corruption in Asian Countries*, p. 97.

<sup>83</sup> *Ibid.*, pp. 92-93.

enforcement agencies regarding enquiries and investigation of cases; and (5) playing the lead role in combating national and transnational organised crime.<sup>84</sup>

The CBI is a Type B ACA because it performs both anti-corruption and non-corruption-related functions as reflected in three of its divisions. The Anti-Corruption Division is responsible for investigating corruption and fraud cases committed by public servants working for the central government. The Economic Crimes Division investigates bank and financial frauds, import export and foreign exchange violations, large-scale smuggling of narcotics, antiques, cultural property, and smuggling of other contraband items. The Special Crimes Division deals with cases of terrorism, bomb blasts, sensational homicides, kidnapping for ransom and organised crime.<sup>85</sup>

The CVC was established in February 1964 on the recommendation of the Santhanam Committee to perform these four functions: (1) investigating improper transactions by public servants; (2) examining complaints of corruption, misconduct, lack of integrity or other malpractices committed by public servants; (3) supervising the vigilance and anti-corruption work of ministries, departments, and public enterprises by requesting and checking their reports on these activities; and (4) requesting the CBI to investigate a case or entrust the complaint, information or case for inquiry to the CBI, or to the ministry, department, or public enterprise concerned.<sup>86</sup>

The high level of perceived extent of corruption in India is reflected in its weak performance on the eight indicators shown in Table 8. India's low percentile rank of 44.23 in 2015 for the control of corruption is confirmed by India's 79<sup>th</sup> ranking among 176 countries on the CPI in 2016 and its last position on the 2016 PERC annual corruption survey. Similarly, the five indicators in *The Global Competitiveness Report 2016-2017* show that there is a high level of diversion of public funds, irregular payments and bribes, organised crime and a low level of ethical behaviour of firms and public trust in politicians.

**Table 8: India's Performance on Corruption Indicators, 2015-2016**

Indicator	India's Performance
Control of Corruption 2015	-0.38 (44.23)
Corruption Perceptions Index 2016	79 <sup>th</sup> /176 (40/100)
PERC Annual Corruption Survey 2016	16 <sup>th</sup> /16 (8.13/10)
Diversion of Public Funds 2016	34 <sup>th</sup> /138 (4.5/7)
Irregular Payments and Bribes 2016	49 <sup>th</sup> /138 (4.5/7)
Organised Crime 2016	97 <sup>th</sup> /138 (4.3/7)
Ethical Behaviour of Firms 2016	37 <sup>th</sup> /138 (4.5/7)
Public Trust in Politicians 2016	31 <sup>st</sup> /138 (4.2/7)

Sources: As in Table 4 and Klaus Schwab (Ed.), *The Global Competitiveness Report 2016-2017* (Geneva: World Economic Forum, 2016), p. 203.

<sup>84</sup> CBI, *Annual Report 2014* (New Delhi: CBI, 2015), p. iii.

<sup>85</sup> *Ibid.*, p. 4.

<sup>86</sup> C.V. Narasimhan, "Prevention of corruption: Towards effective enforcement," in S. Guhan and Samuel Paul (Eds.), *Corruption in India: Agenda for Action* (New Delhi: Vision Books, 1997), pp. 264-265.

### *Limitations of CBI*

India's high level of perceived corruption is also a reflection of the ineffectiveness of its major ACAs, namely: the CBI and CVC, which are afflicted with several weaknesses. First, the CBI's Achilles' heel is that it is a police agency because it derives its investigating powers from the DSPE Act of 1946. This means that, unlike Singapore's CPIB or Hong Kong's ICAC, the GOI has continued to employ the traditional British colonial government's method of relying on the police to curb corruption in India since 1963 even though this method is ineffective. The experiences of the CPIB and ICAC have confirmed the folly of relying on the police to curb corruption when they are corrupt. Indeed, the "golden rule" is that "the police cannot and should not be responsible for investigating their own deviance and crimes."<sup>87</sup>

As shown in the third section above, Singapore's and Hong Kong's success in combating corruption can be attributed to their rejection of the British colonial government's method of relying on the police to curb corruption and their reliance instead on the CPIB and ICAC, respectively. Singapore has taken 15 years (1937-1952) and Hong Kong has taken 26 years (1948-1974) to learn this important lesson: do not rely on the police to curb corruption, especially when police corruption is rampant as "this would be like giving candy to a child" and expecting him not to eat it.<sup>88</sup> Unfortunately, the GOI has not learnt this important lesson after 54 years because it still relies on the CBI, which is a police agency, to fight corruption in the midst of widespread police corruption in India. This is perhaps not surprising because, according to Michael Auslin, "the greatest failing of India's domestic political system is its inability or unwillingness to curb widespread corruption."<sup>89</sup>

The CBI's second limitation is that it is a Type B ACA that performs both anti-corruption and non-corruption-related functions. The functions of Type A ACAs include: investigation, prosecution, education and awareness-raising; prevention; and coordination.<sup>90</sup> As mentioned above, the CBI is responsible for the investigation and prosecution of corruption cases as well as other economic crimes and special crimes like terrorism and organised crime. After the Mumbai terrorist attacks in November 2008 and the current international concern with combating terrorism, it will be difficult for the CBI to focus exclusively on its anti-corruption functions because of the competing demands on its limited resources. Thus, combating corruption would be accorded much lower priority than fighting terrorism by the CBI. It should be noted that the CBI is not responsible at all for the other important functions of education, prevention and coordination of anti-corruption activities, which are neglected in India.

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<sup>87</sup> Maurice Punch, *Police Corruption: Deviance, Accountability and Reform in Policing* (London: Routledge, 2009), p. 245.

<sup>88</sup> Jon S.T. Quah, "Best practices for curbing corruption in Asia," *The Governance Brief*, Issue 11 (2004), p. 2.

<sup>89</sup> Michael R. Auslin, *The End of the Asian Century: War, Stagnation, and the Risks to the World's most Dynamic Region* (New Haven, CT: Yale University Press, 2017), p. 118.

<sup>90</sup> United Nations Development Programme, *Institutional Arrangements to Combat Corruption: A Comparative Study* (Bangkok: UNDP, 2005), p. 6.

Third, the CBI is both under-staffed and poorly funded to perform its various functions. Table 9 shows that while the CBI's establishment has increased from 5,886 in 2003 to 6,676 in 2014, its actual strength varies from 4,623 in 2007 to 5,796 in 2013. This means that the number of vacancies ranges from 719 (12.1 per cent) in 2009 to 1,379 (21.1 per cent) in 2010. The CBI's inability to fill its many vacant positions during 2002 to 2014 reflects its serious staff shortage. B.R. Lall, a former CBI Joint Director, described the CBI as "a very small organisation as compared to the quantum of crimes" committed in India and recommended the expansion of its personnel by 20 per cent annually for the next decade.<sup>91</sup> The CBI's staff shortage is also not surprising and reflects the Indian state's inadequate capacity to perform its essential functions because of "endemic shortfalls in human resources."<sup>92</sup>

**Table 9: Growth of CBI's Personnel, 2002-2014**

Year	Establishment (100%)	Actual Strength	Vacant Positions
2002	5,920	4,908 (82.9%)	1,012 (17.1%)
2003	5,886	4,938 (83.9%)	948 (16.1%)
2004	5,891	4,811 (81.7%)	1,080 (18.3%)
2005	5,891	4,711 (80.0%)	1,180 (20.0%)
2006	5,959	4,652 (78.1%)	1,307 (21.9%)
2007	5,959	4,623 (77.6%)	1,336 (22.4%)
2008	5,960	4,874 (81.8%)	1,086 (18.2%)
2009	5,961	5,242 (87.9%)	719 (12.1%)
2010	6,526	5,147 (78.9%)	1,379 (21.1%)
2011	6,590	5,666(86.0%)	924 (14.0%)
2012	6,586	5,755 (87.4%)	831 (12.6%)
2013	6,674	5,796 (86.8%)	878 (13.2%)
2014	6,676	5,676 (85.0%)	1,000 (15.0%)

Source: CBI, *Annual Reports 2004-2014* (New Delhi: CBI, 2005-2015), various pages.

Arising from the CBI's staff shortage, it is not surprising that its staff-population is unfavourable and varies from 1:234,217 in 2005 to 1:228,206 in 2014. Table 10 indicates that even though the CBI's budget has grown from US\$30.3 million in 2005 to US\$65.5 million in 2014, its per capita expenditure has increased marginally from US\$0.03 to US\$0.05 during the same period. The CBI's inadequate personnel and budget is a reflection of the GOI's weak political will in combating corruption in India. By contrast, the Singapore government's strong political will in curbing corruption is confirmed by the CPIB's more favourable staff-population ratio of 1:26,682 and higher per capita expenditure of US\$5.36 in 2014, as shown in Table 5 above.

<sup>91</sup> B.R. Lall, *Who Owns the CBI? The Naked Truth* (New Delhi: Manas Publications, 2007), pp. 230-231.

<sup>92</sup> Milan Vaishnav, *When Crime Pays: Money and Muscle in Indian Politics* (New Haven, CT: Yale University Press, 2017), p. 43.

**Table 10: CBI's Staff-Population Ratio and Per Capita Expenditure, 2005-2014**

CBI	2005	2008	2014
Personnel	4,711	4,874	5,676
Budget	US\$30.3 million	US\$52.1 million	US\$65.5 million
India's population	1,103.4 million	1,186.2 million	1,295.3 million
Staff-population ratio	1:234,217	1:243,373	1:228,206
Per capita expenditure	US\$0.03	US\$0.04	US\$0.05

Source: Compiled by the author from the CBI's budget and personnel provided in CBI, *Annual Reports 2005, 2008 and 2014* (New Delhi: CBI, 2006, 2009, 2015), various pages.

The CBI's fourth limitation is that it cannot investigate corruption cases at the state level because the Constitution of India states that law and order come under the jurisdiction of the states. Section 5 of the DSPE Act of 1946 gives the CBI investigating powers and indicates that the central government can empower it to investigate the notified offences in any state with the consent of the government of that state.<sup>93</sup> The CBI did not encounter any problem with this arrangement when the Congress Party was in power in the states and centre during the post-independent period. However, with the Congress Party's decline in power, some state governments had withdrawn the consent given by their predecessors "whenever they felt that an investigation taken up by the CBI was politically embarrassing or uncomfortable for them."<sup>94</sup> C.V. Narasimhan, a former CBI Director, contends that the CBI's "unstable" status as an investigating agency within a state depends on the latter's mercy and is "a serious handicap" in developing a national network of anti-corruption investigating units.<sup>95</sup>

The CBI's fifth weakness is its lack of independence because it is "an administrative nightmare" to serve "multiple masters" including the Ministry of Home Affairs for the appointment of the Director; the Ministry of Personnel, Training and Public Grievances for its budget; the Union Public Service Commission for the appointment of CBI senior officers above the rank of Superintendent of Police; the CVC, which supervises its investigation of corruption cases; and the Ministry of Law and Justice, which pays the salaries of its prosecutors.<sup>96</sup>

Finally, the CBI has been perceived by the public as "a pliable tool of the ruling [Congress] party, and its investigations tend to become cover-up operations for the misdeeds of ministers."<sup>97</sup> In the same vein, Madhav Godbole, a former senior civil servant in India, has criticised the CBI for being used by the then Prime Minister Indira Gandhi as "an instrument of prosecution" and for its "disgraceful" record of investigating corruption cases

<sup>93</sup> Narasimhan, "Prevention of corruption," p. 255.

<sup>94</sup> *Ibid.*, p. 256.

<sup>95</sup> *Ibid.*, p. 256.

<sup>96</sup> Krishna K. Tummala, "Corruption as an impediment to good governance: The case of India," (Paper presented at the Athens Institute for Education and Research (ATINER) Conference in Athens, Greece, 12-13 June 2016), p. 7.

<sup>97</sup> S.S. Gill, *The Pathology of Corruption* (New Delhi: HarperCollins Publishers India, 1998), p. 238.

“involving the high, the mighty and the powerful.”<sup>98</sup> More recently, the former Central Vigilance Commissioner N. Vittal has criticised the CBI’s lack of independence and credibility because it has become “a football between the party in power and the party in opposition” as the cases initiated by one regime are neutralised by the next.<sup>99</sup> Indeed, a former CBI Director D.R. Karthikeyan had admitted that as the CBI was a government department, it was “expected to work as per the direction of its employer.”<sup>100</sup>

### *Limitations of CVC*

The Supreme Court of India found that the CBI did not follow the proper procedure in investigating the Hawala scandal in 1991 because the alleged offenders were powerful persons.<sup>101</sup> Consequently, it directed on 18 December 1997 that the CBI’s supervision should be transferred from the central government to the CVC, which became a statutory body responsible for supervising the CBI’s operations with the enactment of the CVC Act 2003 on 11 September 2003.<sup>102</sup> The CVC supervises the CBI’s operations by conducting monthly meetings with the CBI Director to review the progress and quality of the cases investigated. Furthermore, it advises the disciplinary and other agencies in disciplinary cases involving vigilance at the investigation and inquiry stages. The CVC also supervises the vigilance and anti-corruption work in the ministries and departments of the central government. The Chief Vigilance Officers (CVOs) in the ministries and departments provide advice on vigilance administration and the establishment of effective systems and procedures to remove systemic failures or loopholes. They submit monthly and annual reports to the CVC, which holds annual zonal meetings to review and monitor their performance.<sup>103</sup>

**Table 11: Complaints received and disposed by CVC, 2010-2014**

Year	Complaints received	Complaints disposed
2010	16,260	16,211
2011	16,929	17,238
2012	37,039	33,308
2013	31,432	33,284
2014	62,362	62,099
Total	164,022	162,140

Source: CVC, *Annual Report 2014* (New Delhi: CVC, 2015), pp. 23-24.

<sup>98</sup> Madhav Godbole, *The Changing Times: A Commentary on Current Affairs* (New Delhi: Orient Longman, 2000), p. 88.

<sup>99</sup> N. Vittal, *Ending Corruption? How to Clean Up India* (New Delhi: Penguin Books India, 2012), pp. 132-134.

<sup>100</sup> *Ibid.*, p. 23.

<sup>101</sup> This scandal involved the payment of US\$18 million to several politicians by four hawala brokers, including the Jain brothers. A “hawala” is an illegal transaction in foreign currency and an economic offence punishable under the Foreign Exchange Regulation Act, 1973. See N.K. Singh, *The Politics of Crime and Corruption: A former CBI officer speaks* (New Delhi: HarperCollins Publishers, 1999), p. 164.

<sup>102</sup> CVC, *Annual Report 2008* (New Delhi: CVC, 2009), p. 1.

<sup>103</sup> *Ibid.*, pp. 2 and 6.

The CVC consists of three Commissioners, 238 personnel (with 58 vacant positions) and relies on 199 full-time CVOs and 438 part-time CVOs in 2014.<sup>104</sup> However, the CVC and the internal vigilance machinery in the ministries and government departments are understaffed to handle its heavy workload, as reflected in the complaints and vigilance cases received and disposed by the CVC from 2010-2014. Table 11 shows that the CVC has received 164,022 complaints and disposed 162,140 complaints during this period. Similarly, Table 12 confirms that the CVC has received 27,343 vigilance cases and disposed 27,251 of these cases during the same period.

**Table 12: Vigilante cases received and disposed by CVC, 2010-2014**

Year	Cases received	Cases disposed
2010	5,327	5,522
2011	5,573	5,341
2012	5,528	5,720
2013	5,423	4,801
2014	5,492	5,867
Total	27,343	27,251

Source: CVC, *Annual Report 2014* (New Delhi: CVC, 2015), p. 14.

Apart from its severe staff shortage, the other limitation of the CVC is that it is an advisory body that relies on other public agencies to investigate the complaints of misconduct by civil servants it receives. Consequently, given the CVC's limited budget and personnel, it has no alternative but "to continue to rely on vigilance divisions in government organisations and public sector units, which remain weak."<sup>105</sup>

### Philippines' Competing Anti-Corruption Agencies

President Elpidio Quirino established the Integrity Board on 25 May 1950 to investigate complaints of corruption against civil servants in the Philippines. However, this first ACA was dissolved in November 1950 because of the lack of public support.<sup>106</sup> During the next 51 years, 18 ACAs were created by the various presidents, culminating in the formation by President Gloria Arroyo of the Presidential Anti-Graft Commission (PAGC) and the Governance Advisory Council in April and July 2001, respectively.<sup>107</sup> Today, the Philippines has five ACAs: the Office of the Ombudsman (OMB), the lead ACA; the *Sandiganbayan* (special anti-graft court); the Presidential Commission on Good Government (PCGG); the Inter-Agency Anti-Graft Coordinating Council (IACC); and the Office of the Deputy Secretary

<sup>104</sup> CVC, *Annual Report 2014* (New Delhi: CVC, 2015), p. xi.

<sup>105</sup> V. Menon, "Anti-corruption in India: Issues and strategies," in V.K. Chand (Ed.), *Reinventing Public Service Delivery in India: Selected Case Studies* (New Delhi: Sage Publications, 2006), p. 339.

<sup>106</sup> Jon S.T. Quah, "Bureaucratic corruption in the ASEAN countries: A comparative analysis of their anti-corruption strategies," *Journal of Southeast Asian Studies*, 13 (1) (March 1982): 159.

<sup>107</sup> Quah, *Curbing Corruption in Asian Countries*, p. 136.

for Legal Affairs (ODESLA), which took over the PAGC's functions after its dissolution in November 2010 by President Benigno S. Aquino III.<sup>108</sup>

However, in spite of the efforts of these ACAs, corruption remains a serious problem judging from the Philippines' performance on the eight corruption indicators from 2015-2016 as shown in Table 13. For example, while the Philippines' CPI score has increased from 27.7 in 1995 to 35 in 2016, it is still ranked 101<sup>st</sup> among 176 countries in 2016. Similarly, its score on the PERC survey has increased from 6.60 to 7.05, indicating that the problem of corruption has deteriorated during 1995-2016.

**Table 13: Philippines' Performance on Corruption Indicators, 2015-2016**

Indicator	Philippines' Performance
Control of Corruption 2015	-0.38 (44.23)
Corruption Perceptions Index 2016	101 <sup>st</sup> /176 (35/100)
PERC Annual Corruption Survey 2016	10 <sup>th</sup> /16 (7.05/10)
Diversion of Public Funds 2016	102 <sup>nd</sup> /138 (2.9/7)
Irregular Payments and Bribes 2016	105 <sup>th</sup> /138 (3.2/7)
Organised Crime 2016	89 <sup>th</sup> /138 (4.3/7)
Ethical Behaviour of Firms 2016	71 <sup>st</sup> /138 (3.8/7)
Public Trust in Politicians 2016	99 <sup>th</sup> /138 (2.4/7)

Sources: As in Table 4 and Klaus Schwab (Ed.), *The Global Competitiveness Report 2016-2017* (Geneva: World Economic Forum, 2016), p. 297.

Corruption is a serious problem in the Philippines because the many ACAs have failed to curb corruption during the past 67 years. There are two indicators of the weak political will of the many governments in the Philippines in combating corruption since 1950: (1) the inadequate human and financial resources allocated by the government to the OMB, the lead ACA, as reflected in its high staff-population ratio and low per capita expenditure<sup>109</sup> and (2) the continued reliance by Filipino political leaders on ineffective multiple ACAs without making any improvements to enhance their effectiveness.

Table 14 shows that even though the OMB's personnel and budget have increased during 2005-2014, it is still severely under-staffed and under-funded because its staff-population ratio has fluctuated from 1:79,883 in 2011 to 1:89,076 in 2008 and its per capita expenditure has increased from US\$0.15 to US\$0.39 from 2005 to 2014. The OMB is severely under-staffed, and according to former Ombudsman Simeon V. Marcelo, it is "designed to fail because of its crippling lack of resources."<sup>110</sup> To illustrate the OMB's "severe" lack of resources, Marcelo compared its personnel and budget with those of Hong

<sup>108</sup> Eric Vincent C. Batalla, "Treading the straight and righteous path: Curbing corruption in the Philippines," *Asian Education and Development Studies*, 4 (1) (2015): 55-56.

<sup>109</sup> Jon S.T. Quah, "Benchmarking for excellence: A comparative analysis of seven Asian anti-corruption agencies," *Asia Pacific Journal of Public Administration*, 31 (2) (December 2009): 182.

<sup>110</sup> Simeon V. Marcelo, *Combating Corruption in the Philippines: Are we plundering our chances or doing it better?* (Quezon City: National College of Public Administration and Governance, University of the Philippines, Working Paper Series No. 2, 2005), p. 1.

Kong's ICAC in 2004 and found that the OMB's field investigator-bureaucracy ratio of 1:17,045 compared unfavourably with the ICAC's ratio of 1:208.

**Table 14: OMB's Staff-Population Ratio and Per Capita Expenditure, 2005-2014**

Dimension	2005	2008	2011	2013	2014
Personnel	957	1,007	1,193	1,211	1,214
Budget	US\$12 m	US\$19.6 m	US\$25.2 m	US\$37.5 m	US\$38.8 m
Population	81.4 Million	89.7 million	95.3 million	97.5 Million	99.1 million
Staff-population ratio	1:85,057	1:89,076	1:79,883	1:80,512	1:81,631
Per capita expenditure	US\$0.15	US\$0.22	US\$0.26	US\$0.38	US\$0.39

Sources: OMB, *Annual Reports 2005, 2008, 2011, 2013 and 2014* (Diliman: OMB, 2006-2015), various pages

Furthermore, as shown in Table 15, the OMB's staff-population ratio of 1:71,340 was much higher than the ICAC's ratio of 1:5,354. In terms of per capita expenditure, the ICAC's figure of 696 pesos (US\$12.43) exceeded that of the OMB's 6 pesos (US\$0.10) by 116 times.<sup>111</sup> In 2014, the OMB's 1,214 personnel constitute only 55.3 per cent of its established strength of 2,194 positions. This means that the OMB is severely under-staffed with 980 vacant positions in 2014.<sup>112</sup>

**Table 15: Personnel and Budget of the OMB and ICAC in 2004**

Dimension	OMB	ICAC
No. of field investigators	88	837
Total no. of personnel	1,141	1,326
Size of bureaucracy	1,500,000	174,175
Field investigator-bureaucracy ratio	1: 17,045	1: 208
Budget	480 million pesos	4.94 billion pesos
Population of country	81.4 million	7.1 million
Per capita expenditure	6 pesos	696 pesos
Staff-population ratio	1:71,340	1:5,354

Sources: Simeon V. Marcelo, *Combating Corruption in the Philippines: Are we plundering our chances or doing it better?* (Quezon City: National College of Public Administration and Governance, University of the Philippines, Working Paper Series No. 2, 2005), p. 3 and *Economist, Pocket World in Figures 2007 Edition* (London: Profile Books, 2006), pp. 152, 194.

Apart from its limited budget and personnel, the OMB lacks credibility as impeachment complaints were filed thrice in 1996, 2001 and 2002 against Ombudsman Aniano Desierto

<sup>111</sup> Ibid., p. 3.

<sup>112</sup> OMB, *Annual Report 2014* (Quezon City: OMB, 2015), p. 35.

during his seven-year term for betraying the public trust. Even though these impeachment complaints against Desierto were dismissed by congressmen, these impeachment cases have “sullied the already unsavoury reputation of the Ombudsman.”<sup>113</sup> Thus, it is not surprising that the respondents in the 2009 Social Weather Stations (SWS) Surveys of Enterprises on Corruption viewed the OMB negatively with a net sincere rating of -8 per cent.<sup>114</sup> Ombudsman Merceditas Gutierrez was criticised for devoting the OMB’s limited resources on investigating petty corruption instead of continuing her predecessor’s exposure of grand corruption. Consequently, the OMB was described as “the Street Ombudsman” because of its emphasis on petty corruption.<sup>115</sup> More importantly, as she was the classmate of the First Gentleman Miguel Arroyo, she was criticised for protecting the interests of President Gloria Arroyo and her husband, and their friends and political allies. On 22 March 2011, 212 congressmen voted to impeach Ombudsman Gutierrez for protecting former President Arroyo by not investigating allegations against her.<sup>116</sup> Gutierrez resigned on 29 April and left her position as Ombudsman on 5 May 2011.<sup>117</sup>

President Corazon Aquino established the PCGG in February 1986 to identify and retrieve the money stolen by the Marcos family and its cronies. In view of its *raison d’être*, the PCGG is, strictly speaking, not an ACA because it is not involved in investigating corruption cases or in corruption prevention and education. However, the PCGG was a target for charges of corruption, favouritism and incompetence. By June 1988, five of its agents were charged with corruption and 13 agents were under investigation.<sup>118</sup> The PCGG Commissioner, Quintin S. Doromal, who served from 2 April 1986 to 16 October 1987, was charged for violating the Anti-Graft and Corrupt Practices Act (Republic Act No. 3019) on 25 January 1988. Similarly, PCGG Commissioners Ramon A. Diaz and Mary Concepcion Bautista were also charged in 1989 for the same offence.<sup>119</sup> As the PCGG has failed to meet its objective of recovering the loot stolen by Marcos and his family after 30 years, it has certainly outlived its usefulness and should be abolished as soon as possible.<sup>120</sup>

The IACC is a voluntary alliance formed by the heads of the OMB, Civil Service Commission (CSC), Commission of Audit (COA), PAGC and National Bureau of Investigation (NBI) through a Memorandum of Agreement signed on 11 June 1997. The Department of Justice became a member of the IACC in 1998. President Estrada officially recognised the IACC in August 1999 as part of his anti-corruption policy.<sup>121</sup> The IACC performs three functions. First, it coordinates the activities of its members by sharing information, initiating

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<sup>113</sup> Sheila S. Coronel and Lorna Kalaw-Tirol, *Investigating Corruption: A Do-It-Yourself Guide* (Quezon City: Philippine Center for Investigative Journalism, 2002), pp. 261-262.

<sup>114</sup> Linda Luz B. Guerrero, Mahar Mangahas and Leo Rando S. Laroza, *The 2009 SWS Surveys of Enterprises on Corruption* (Quezon City: Social Weather Stations, 2010), p. 7.

<sup>115</sup> “The Street Ombudsman,” *Newsbreak Online*, 21 November 2006.

<sup>116</sup> J. Gomez, “Philippine lawmakers impeach chief anti-corruption investigator,” *Associated Press*, 22 March, 2011.

<sup>117</sup> M. Cayabyab, “PH Ombudsman behind other anti-corruption agencies in Asia,” *VERA Files*, 10 May, 2011.

<sup>118</sup> Jon S.T. Quah, “Comparing anti-corruption measures in Asian countries,” *Asian Review of Public Administration*, 11 (2) (1999): 81.

<sup>119</sup> Asian Institute of Strategic Studies (AISS), *Grappling with Graft and Corruption* (Quezon City: AISS, 2003), pp. 143, 465.

<sup>120</sup> Quah, “Evaluating the effectiveness of anti-corruption agencies in five Asian countries,” 154.

<sup>121</sup> OMB, *Annual Report 2010* (Quezon City: OMB, 2011), pp. 26-27.

the prevention, detection, investigation and prosecution of graft cases, and forming *ad hoc* inter-agency task forces to investigate major cases involving substantial losses of government resources. Second, the IACC conducts inter-agency skills training programmes for the personnel of its member agencies to enhance their skills in fraud detection, investigation, and prosecution of the offenders. The IACC's third function is to promote inter-agency conferences to enable the personnel of the member agencies to exchange ideas and discuss common issues and problems.<sup>122</sup>

The IACC's role is to enhance coordination among its member agencies but, "in reality, it is not active."<sup>123</sup> The IACC has only met twice, and the "slow progress in its revitalisation" reflects the inability of its six member agencies to collaborate effectively among themselves.<sup>124</sup> According to Alexander Rodriguez of the COA, it was "almost impossible" to get the heads of the six member agencies to meet because of their hectic schedules.<sup>125</sup> The former Ombudsman, Merceditas Gutierrez, "deactivated" the IACC by not convening it. Furthermore, instead of cooperating with the CSC, the OMB competed with it by also implementing the Oplan Red Plate programme, which the OMB, COA, and CSC had earlier agreed under the Solana Covenant to be the CSC's responsibility.<sup>126</sup> The IACC's inability to coordinate the activities of the ACAs is reflected in the United Nations Office of Drugs and Crime's Country Review Report of the Philippines, which has identified "inter-agency coordination and limited resources" as the major challenges faced by the OMB in investigating bribery and embezzlement cases.<sup>127</sup> Like the PCGG, the IACC has clearly outlived its usefulness and should be disbanded without further delay.

The second manifestation of the weak political will of Filipino political leaders to curb corruption is their continued reliance on ineffective multiple ACAs in spite of their weaknesses. Like Afghanistan, China, India, Pakistan, Taiwan and Vietnam, the Philippines has adopted the strategy of relying on multiple ACAs instead of a single ACA. According to Gabriella Quimson, the proliferation of ACAs in the Philippines has led to "duplication, layering and turf wars."<sup>128</sup> Instead of coordinating their activities and cooperating with each other, these ACAs compete for recognition, personnel and resources because they are understaffed and poorly funded. Their overlapping jurisdictions diffuse anti-corruption efforts, and result in "poor coordination in policy and programme implementation, weak

<sup>122</sup> Sofronio B. Ursal, *Anti-Graft Guidebook* (Quezon City: Good Governance Books, 2006), pp. 222-223.

<sup>123</sup> Eiji Oyamada, "President Gloria Macapagal-Arroyo's anti-corruption strategy in the Philippines: An evaluation," *Asian Journal of Political Science*, 13 (1) (June 2005): 99.

<sup>124</sup> Ronald D. Holmes, "Combating corruption in the Philippines: The difficulty and danger of organisational reform/human resource development initiatives," in Ma Concepcion P. Alfiler and Eleanor E. Nicolas (Eds.), *Public Administration plus Governance: Assessing the Past, Addressing the Future*, (Quezon City: National College of Public Administration, University of the Philippines, 2007), p. 181.

<sup>125</sup> Coronel and Kalaw-Tirol, *Investigating Corruption*, p. 274.

<sup>126</sup> Transparency and Accountability Network (TAN) 2009, *The Office of the Ombudsman: Is there Institutional Weakness?* PHDR Issue 2008/2009, No. 2, p. 5.

<sup>127</sup> United Nations Office on Drugs and Crime, *Country Review Report of the Philippines*, Review by Bangladesh and Egypt of the Implementation by the Philippines of Articles 15-42 of Chapter III 'Criminalisation and Law Enforcement' and Articles 44-50 of Chapter IV 'International Cooperation,' of the UNCAC for the review cycle 2011-2012, pp. 8, 35, Vienna, 2012, available at <http://www.ombudsman.gov.ph/docs/uncac/Philippines%20Country%20Report.pdf> (accessed 8 August 2015).

<sup>128</sup> Gabriella Quimson, *National Integrity Systems Transparency International Country Study Report Philippines 2006* (Berlin: Transparency International, 2006), p. 30.

management and wastage of resources.”<sup>129</sup> Edna Co *et al.* have correctly asked why new ACAs are created by a new administration in the Philippines without evaluating the effectiveness of the existing ones. As the establishment of such ACAs are redundant, expensive and inefficient, they have recommended that a new elected government should enhance existing anti-corruption measures instead of initiating new ones.<sup>130</sup> Indeed, the continued reliance on the ineffective multiple ACAs during the past 67 years is an unequivocal manifestation of the Filipino political leaders’ lack of political will in combating corruption.

### South Korea’s “Toothless” Anti-Corruption Agencies

After his inauguration in February 1998, President Kim Dae-jung initiated a comprehensive anti-corruption strategy to ensure “clean and upright public office, transparent and reliable government, and a just and fair society” in South Korea. An important target was to improve South Korea’s ranking on the CPI from 43<sup>rd</sup> position in 1998 to 20<sup>th</sup> position in 2003.<sup>131</sup> Using this criterion, Kim’s anti-corruption strategy was a failure because South Korea was ranked 50<sup>th</sup> among 133 countries with a score of 4.3 in the 2003 CPI.<sup>132</sup> South Korea’s CPI score has stagnated at 55-56 from 2012 to 2015, but declined to 53 in 2016. Similarly, South Korea’s weak performance on the PERC survey is reflected in the worsening of its score of 4.00 in 1995 to 8.33 in 2000.<sup>133</sup>

**Table 16: South Korea’s Performance on Corruption Indicators, 2015-2016**

Indicator	South Korea’s Performance
Control of Corruption 2015	0.49 (69.71)
Corruption Perceptions Index 2016	52 <sup>nd</sup> /176 (53/100)
PERC Annual Corruption Survey 2016	8 <sup>th</sup> /16 (6.17/10)
Diversion of Public Funds 2016	69 <sup>th</sup> /138 (3.5/7)
Irregular Payments and Bribes 2016	52 <sup>nd</sup> /138 (4.5/7)
Organised Crime 2016	69 <sup>th</sup> /138 (4.9/7)
Ethical Behaviour of Firms 2016	98 <sup>th</sup> /138 (3.5/7)
Public Trust in Politicians 2016	96 <sup>th</sup> /138 (2.5/7)

Sources: As in Table 4 and Klaus Schwab (Ed.), *The Global Competitiveness Report 2016-2017* (Geneva: World Economic Forum, 2016), p. 225.

Table 16 confirms that corruption is still a serious problem in South Korea according to eight indicators in 2015-2016, including the CPI and PERC survey. Its percentile rank for the

<sup>129</sup> Oyamada, “President Gloria Macapagal-Arroyo’s anti-corruption strategy in the Philippines,” 99.

<sup>130</sup> Edna E.A. Co, M. Lim, M.E.J. Lao and L.J. Juan, *Minimising Corruption: Philippine Democracy Assessment*, (Pasig City: Friedrich Ebert Stiftung Philippine Office, 2007), p. 21.

<sup>131</sup> Republic of Korea, *Korea’s Comprehensive Anti-Corruption Programs* (Seoul: Office of the Prime Minister, 1999), p. 6.

<sup>132</sup> Quah, *Curbing Corruption in Asian Countries*, p. 338. From 1995-2011, the CPI score ranged from 0 (highly corrupt) to 10 (very clean). However, from 2012, the CPI score was changed to 0 (highly corrupt) to 100 (very clean).

<sup>133</sup> *Ibid.*, p. 338.

World Bank's Control of Corruption indicator is 69.71 and its rankings for the other five indicators range from 52<sup>nd</sup> among 138 countries for Irregular Payments and Bribes to 98<sup>th</sup> among 138 countries for Ethical Behaviour of Firms in 2016.

Why is South Korea ineffective in combating corruption? South Korea's failure to curb corruption effectively can be attributed to its government's weak political will, the low risk of detecting and punishing corruption offences, and the population's tolerance for corrupt practices like gift-giving and paying *chonji* or bribe money.

### *Weak political will*

The South Korean government's weak political will in combating corruption is reflected in the establishment of the Korea Independent Commission Against Corruption (KICAC) on 25 January 2002 and the Anti-Corruption and Civil Rights Commission (ACRC) on 29 February 2008. Originally, the draft legislation initiated by the People's Solidarity for Participatory Democracy and supported by other civil society organisations proposed the creation of the KICAC based on Hong Kong's ICAC. But the KICAC's formation met with stiff resistance in the National Assembly and was also opposed by the Public Prosecutor's Office (PPO) and the National Police Agency (NPA) because both agencies wanted to perform the anti-corruption function themselves.<sup>134</sup> However, according to Jin-wook Choi, the lack of freedom of the PPO and NPA from the President's influence has hindered "neutral law enforcement."<sup>135</sup>

Consequently, the Anti-Corruption Act's enactment on 24 July 2001 resulted in the KICAC's formation as a "poor cousin" of the ICAC because it could not investigate corruption cases.<sup>136</sup> The KICAC's inability to investigate corruption cases was its Achilles' heel and meant that it was not a full-fledged Type A ACA because it could not perform the primary function of investigating corruption cases and focused instead on the other functions of corruption prevention and education. Furthermore, the KICAC was only responsible for dealing with public sector corruption but not private sector corruption.

The KICAC's anti-corruption functions were further diluted by President Lee Myung-bak when he merged it with the Ombudsman and Administrative Appeals Commission in February 2008 to form the ACRC in order to enhance their effectiveness.<sup>137</sup> However, Jin-wook Choi contends that the ACRC's creation, which resulted from the merger of three agencies with "weak functional relevancy and coherence" has blurred its anti-corruption role. The ACRC has inherited the KICAC's weaknesses because it also cannot investigate corruption cases and deals only with public sector corruption. The state objective of the ACRC's formation was to improve its effectiveness. However, the unintended (or intended?) consequence of the KICAC's merger with the Ombudsman and Administrative Appeals

<sup>134</sup> Quah, *Curbing Corruption in Asian Countries*, p. 330.

<sup>135</sup> Jin-wook Choi, "Anti-corruption and governance," in Ambar Widaningrum and Jin Park (Eds.), *Governance Reform in Indonesia and Korea: A Comparative Perspective* (Yogyakarta: Gadjah Mada University Press, 2011), p. 43.

<sup>136</sup> Jon S.T. Quah, "Defying institutional failure: Learning from the experiences of anti-corruption agencies in four Asian countries," *Crime, Law and Social Change*, 53 (1) (2010): 41-42.

<sup>137</sup> Quah, *Curbing Corruption in Asian Countries*, p. 334.

Commission is the dilution of the emphasis given by the previous governments to combating corruption by according lower priority to this objective.

In short, the ACRC's establishment by President Lee's administration reflected the lower priority given to fighting corruption. The South Korean government's weak political will in combating corruption is reflected in the marginal increase in the ACRC's per capita expenditure from US\$0.97 to US\$1.15 during 2008-2014 and its highly unfavourable staff-population ratios during the same period, as shown in Table 17.

**Table 17: ACRC's Per Capita Expenditure and Staff-Population Ratio, 2008-2014**

ACRC	2008	2010	2012	2014
Personnel	466	466	465	465
Budget	US\$47.6 m	US\$51.05 m	US\$55.1 m	US\$58.3 m
Per capita expenditure	US\$0.97	US\$1.03	US\$1.10	US\$1.15
Staff-population ratio	1:105,021	1:106,030	1:107,527	1:108,430

Source: Compiled and calculated by the author from the ACRC's budget and personnel.

#### *Low risk of detection and punishment*

Corruption flourishes where it is perceived as a "low risk, high reward" activity because offenders are unlikely to be caught and punished. On the other hand, corruption is not a serious problem where it is perceived as a "high risk, low reward" activity as those involved in corrupt activities are likely to be caught and severely punished.<sup>138</sup> Corruption in South Korea is a "low risk, high reward" activity because of the lenient punishment received by those found guilty of corruption offences. The ACRC's 2008 Corruption Perceptions Survey found that "lenient punishment for corruption" was identified as an important cause of corruption in South Korea by 24.1 per cent of citizens, 21 per cent of opinion leaders, 18 per cent of business persons, 14.5 per cent of foreign residents, and 12.9 per cent of public servants.<sup>139</sup>

**Table 18: Punishment of South Korean Public Officials for Corruption Offences, 1993-2004**

Type of Case	Guilty Verdict	Served actual prison sentence	Suspended sentences
Corruption cases	131	41 (31.3%)	90 (68.7%)
Aggravated crimes below 50 m. won	62	13 (21.0%)	49 (79.0%)
Aggravated crimes over 50 m. won	35	17 (48.6%)	18 (51.4%)
Aggravated crimes Total	97	30 (31.0%)	67 (69.0%)

Source: Joongi Kim, "The judiciary's role in good governance in Korea," in M. Ramesh and Scott Fritzen (Eds.), *Transforming Asian Governance: Rethinking Assumptions, Challenging Practices* (London: Routledge, 2009), p. 147.

<sup>138</sup> Ibid., p. 18.

<sup>139</sup> ACRC, *Anti-Corruption Annual Report 2008* (Seoul: ACRC, 2009), p. 21.

According to the law, those persons found guilty of accepting bribes greater than 50 million won (US\$50,000) would be imprisoned for longer than ten years, while those who had accepted bribes between 10 million won and 50 million won (US\$10,000 to US\$50,000) would be jailed for more than five years. However, in reality, the courts are unusually lenient and do not impose the stricter sentences required by the law. Table 18 shows that for the 35 guilty public officials who accepted bribes exceeding 50 million won, only 17 (48.6 per cent) were imprisoned and 18 (51.4 per cent) received suspended sentences. Thus, more than half of the public officials found guilty of grand corruption were not punished for their misconduct.

Corruption is also a “low risk, high reward” activity in South Korea because those found guilty of corruption offences are not punished severely as they can be pardoned by the president. Former President Chun Doo-hwan was sentenced by the Seoul district court in August 1996 to death for mutiny, treason and corruption. His successor, former President Roh Tae-woo, was sentenced to 22.5 years’ imprisonment on similar charges. Both Chun and Roh were fined US\$270 million and US\$350 million, respectively. However, in December 1997, President Kim Young-sam granted amnesty to both of them after serving only 16 months in jail.<sup>140</sup>

President Lee Myung-bak granted special pardons on 29 January 2013 to 55 persons who were imprisoned for bribery. Among those pardoned were Lee’s confidant and former minister, Choi See-joong, his friend and businessman Chun Shin-il; former parliamentary speaker, Park Hee-tae; and his former senior political affairs aide. This latest round was the seventh time that Lee exercised his right to pardon guilty offenders during his term of office.<sup>141</sup> Hence it was not surprising that he was criticised for “using pardons to let off friends and family at the end of one’s presidency is more than shameless – it is a deliberate insult to the Korean people.”<sup>142</sup>

### *Cultural tolerance for corruption*

Culture contributes to corruption when traditional practices like gift-giving and family ties influence individuals to give or receive bribes, and make them tolerate corrupt practices. The ACRC’s 2008 Corruption Perceptions Survey also found that the “social culture tolerant of corruption” was identified as another important cause of corruption by 34.5 per cent of foreign residents, 28.4 per cent of opinion leaders, 25 per cent of business persons, 23 per cent of citizens and 19.6 per cent of public servants.<sup>143</sup>

In South Korea, gift-giving contributes to corruption because an expensive gift is a bribe if it is given to an important individual in order to receive a favour. *Chonji* is a way of life in South Korea as mothers give *chonji* to teachers to ensure that their children do well at school, young lecturers get jobs at colleges by paying *chonji*, and drivers pay *chonji* to avoid speeding tickets. Small businesses give *chonji* frequently to those civil servants demanding

<sup>140</sup> Quah, *Curbing Corruption in Asian Countries*, p. 324.

<sup>141</sup> “South Korean leader pardons ex-aides,” *Straits Times*, January 30, 2013.

<sup>142</sup> C.H. Ahn, “President Lee’s corrupt relatives and associates could be pardoned,” *Hanykyoreh*, January 10, 2013.

<sup>143</sup> ACRC, *Anti-Corruption Annual Report 2008*, p. 21.

money in exchange for every stage of administrative action related to their trade.<sup>144</sup> Rich persons and large companies also pay *chonji* for the services and cooperation provided by civil servants.

This “deeply entrenched custom” is practised by government ministries and agencies that pay *chonji* to journalists and editors for favourable coverage of their activities. According to Boye Lafayette De Mente, the “*chonji* system makes the various government offices hostage to the reporters who cover them” because reporters write critical articles about government officials if they “fail to hand over acceptable amounts.” Press coverage of scandals committed by public officials is “frequently linked to the failure of officials to hand over enough *chonji* to ensure a cover-up.” Senior executives of major corporations usually pay reporters *chonji* of one million won for a favourable interview.<sup>145</sup>

As South Korean business persons, politicians and senior government officials frequently host dinner banquets, give expensive presents during holidays, and make cash donations at weddings and funerals, these practices reinforce the culture of collusion and pose serious corruption risks because it is difficult to distinguish gifts from bribes. After many years of debate, the National Assembly passed the Improper Solicitation and Graft Act on 3 March 2015, which imprisons those journalists, teachers and civil servants for up to three years for accepting single cash donations or gifts worth more than one million won.<sup>146</sup>

On 9 May 2016, the ACRC announced that the Improper Solicitation and Graft Act would be implemented on 28 September 2016. This law prohibits the acceptance of a gift worth 50,000 won (US\$42.85) or receiving more than 100,000 won (US\$85.70) in cash for a wedding or funeral; the acceptance of a gift worth more than one million won (US\$857) or accumulated gifts worth more than three million won (US\$2,571) a year; and public officials, journalists and teachers from being treated to a meal by their job-related contacts if the meal costs more than 30,000 won (US\$25.71).<sup>147</sup> However, critics of this law contend that the “tough limits on accepting meals and gifts” may have adverse effects on the economy.<sup>148</sup> Nevertheless, the enactment of the Improper Solicitation and Graft Act in March 2015 and its implementation in September 2016 would reduce the South Koreans’ tolerance for corrupt practices if the new gift-giving regulations are enforced impartially by the public agencies.

When Kim Young-sam became the first civilian president in South Korea in February 1993, he launched an intensive campaign to curb “the Korean disease” of corruption by voluntarily disclosing his personal assets and those of his extended family amounting to 1.77 billion won (US\$ 2 million) and also announced that “his presidential Blue House would no longer collect political funds.”<sup>149</sup> Former President Park Geun-hye was impeached on 10 March 2017 and arrested three weeks later on 13 charges, including bribery, abuse of

<sup>144</sup> B.S. Kim, “Corruption and anti-corruption policies in Korea,” *Korea Journal*, 38 (1) (1998): 53.

<sup>145</sup> Boye Lafayette De Mente, *Korean Etiquette and Ethics in Business*, 2<sup>nd</sup> edition (Lincolnwood, IL: NTC Business Books, 1994), p. 30.

<sup>146</sup> “South Korea passes anti-graft law,” *Straits Times*, March 5, 2015, p. A13.

<sup>147</sup> M.J. Ser, “Graft law targets monetary gifts,” *Korea JoongAng Daily*, May 10, 2016.

<sup>148</sup> “Backlash against S. Korea’s strict anti-corruption law,” *Straits Times*, May 28, 2016, p. A26.

<sup>149</sup> Quah, *Curbing Corruption in Asian Countries*, p. 327; and Michael Breen, *The Koreans: Who they are, What they want, Where their future lies* (New York: Thomas Dunne Books, 2004), p. 238.

power, coercion and leaking government secrets.<sup>150</sup> While this latest corruption scandal in South Korea has resulted in massive public protests for several months and culminated in Park's impeachment and arrest, it also confirms the ACRC's inability to minimise the "Korean disease" of corruption and the futility of relying on a "toothless" ACA.

### Advice for Policy Makers for Minimising Corruption

Table 19 provides a convenient summary of the major arguments in this paper. First, among the six Asian countries analysed in this paper, Singapore, Hong Kong SAR and South Korea employ the third pattern of corruption control because of their reliance on the CPIB, ICAC and ACRC, respectively, to enforce the anti-corruption laws. On the other hand, China, India and Philippines employ the second pattern of corruption control as they rely on multiple ACAs, ranging from two ACAs in India, four ACAs in China and five ACAs in Philippines (see Table 3).

**Table 19: Comparison of ACAs in Six Asian Countries**

Country	CPI score 2016	GDP per capita 2015	Lead ACA (if there are many ACAs)	ACA's 2014 per capita expenditure	Government Effectiveness <sup>b</sup> 2015
Singapore	84	US\$52,888.70	CPIB (Type A)	US\$5.36	100.0
Hong Kong SAR	77	US\$42,327.80	ICAC (Type A)	US\$16.59	99.0
South Korea	53	US\$27,221.50	ACRC (Type B)	US\$1.15	80.3
China	40	US\$8,027.70	CCDI (Type B)	No data <sup>a</sup>	68.3
India	40	US\$1,598.30	CBI (Type B)	US\$0.05	56.3
Philippines	35	US\$2,904.20	OMB (Type B)	US\$0.39	57.7

Notes: <sup>a</sup>China's CCDI does not publish data on its budget or personnel.

<sup>b</sup>Data provided are the percentile rank for the six countries.

Sources: Transparency International, "Corruption Perceptions Index 2016," Berlin, available at: [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](https://www.transparency.org/news/feature/corruption_perceptions_index_2016) (accessed 25 January 2017); World Bank, "GDP per capita (current US\$)," Washington DC, available at: <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD> (accessed 28 February 2017); World Bank, "Worldwide Governance Indicators, 1996-2015," Washington, DC, available at: <http://info.worldbank.org/governance/wgi/#reports> (accessed 28 February 2017); and Tables 5, 10, 14 and 17.

Second, Type A ACAs like Singapore's CPIB and Hong Kong SAR's ICAC are more effective than the Type B ACAs in South Korea, China, India and Philippines, judging from their 2016 CPI scores and other indicators. Apart from the strong political will of the governments of Singapore and Hong Kong SAR, which is reflected in the ICAC's per capita expenditure of US\$16.59 and the CPIB's per capita expenditure of US\$5.36 in 2014, both city states have higher GDP per capita and levels of government effectiveness in 2015 than the other four countries.

<sup>150</sup> Anna Fifield, "Former South Korean president arrested in corruption probe, 3 weeks after impeachment," *Washington Post*, March 30, 2017.

Having described and evaluated the effective ACAs in Singapore and Hong Kong SAR and the ineffective ACAs in China, India, Philippines and South Korea, policy makers in other Asian countries can learn the following five lessons to improve the effectiveness of their ACAs.

### *1. Political will is essential for success*

In her comparative study of the effectiveness of the ACAs in Latvia, Poland and Slovenia, Agnes Batory poses this important question: “What is the motivation for political parties to set up agencies [ACAs] that wield the power to discredit them in the first place?”<sup>151</sup> In China, it is not surprising that the CCP would not introduce an independent Type A ACA like the CPIB or ICAC to check the CCP’s power because “the implementation of the necessary anti-corruption reforms could lead to the CCP’s demise.”<sup>152</sup> However, in non-communist countries, “an acceptable degree of freedom from corruption” is valued as a public good like clean air or workplace health and safety.<sup>153</sup>

Accordingly, to minimise corruption in their country, the policy makers must be willing to establish an independent Type A ACA like the CPIB or ICAC to enforce the anti-corruption laws impartially, without fear or favour. Political will refers to the sustained commitment of political leaders to implement anti-corruption policies and programmes.<sup>154</sup> Similarly, Sahr Kpundeh contends that political will is “a critical starting point for sustainable and effective anti-corruption strategies and programmes” because elected or appointed leaders, civil society watchdogs and other stakeholders must demonstrate “credible intent” to “attack perceived causes or effects” of systemic corruption. Indeed, without political will, promises by political leaders and governments to reform the civil service or combat corruption will “remain mere rhetoric.”<sup>155</sup>

Political will is critical for the successful implementation of anti-corruption strategies as politicians can change “a culture of corruption if they wish to do so” because “they make the laws and allocate the funds that enable the laws to be enforced.” Consequently, it is not surprising that those corrupt politicians “who are the greatest beneficiaries of corruption have the greatest power and use the corrupt nature of government to maintain that power.”<sup>156</sup> This means that to combat corruption effectively, the policy makers must enact comprehensive anti-corruption laws and provide the Type A ACA with adequate financial and human resources and operational independence to perform its functions impartially, regardless of the status or political affiliation of the offenders. Table 19 shows that the strong political will of the governments in Hong Kong and Singapore is reflected in the

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<sup>151</sup> Agnes Batory, “Political cycles and organizational life cycles: Delegation to anticorruption agencies in Central Europe,” *Governance*, 25 (4) (2012): 640.

<sup>152</sup> Quah, “Singapore’s success in combating corruption,” 322-323.

<sup>153</sup> Batory, “Political cycles and organizational life cycles,” 640.

<sup>154</sup> Derick W. Brinkerhoff, “Assessing political will for anti-corruption efforts: An analytical framework,” *Public Administration and Development*, 20 (2000): 242.

<sup>155</sup> Sahr J. Kpundeh, “Political will in fighting corruption,” in Sahr J. Kpundeh and Irene Hors (Eds.), *Corruption and Integrity Improvement Initiatives in Developing Countries* (New York: United Nations Development Programme, 1998), p. 92.

<sup>156</sup> Ian Senior, *Corruption – the World’s Big C: Cases, Causes, Consequences, Cures* (London: Institute of Economic Affairs, 2006), pp. 184 and 187.

higher per capita expenditures of the ICAC and CPIB in 2014 than the per capita expenditures of South Korea's ACRC, Philippines' OMB and India's CBI for the same year.

## 2. Address causes of corruption, not its symptoms

It seems obvious that to tackle corruption effectively, policy makers must initiate appropriate reforms to address its causes. However, in spite of the wealth of knowledge on the causes of corruption,<sup>157</sup> most governments have failed to do so because it is easier to deal with the symptoms of corruption than with addressing its root causes.<sup>158</sup> For example, President Xi Jinping's four and a half-year old anti-corruption campaign is ineffective because it has only introduced regulations to curb official extravagance and gift-giving without tackling the other four causes of corruption in China: low public sector salaries, red tape, low probability of detecting and punishing corrupt CCP members, and lack of accountability of local government officials.

The British colonial government did not identify the causes of corruption in Singapore and made a serious mistake by making the Anti-Corruption Branch (ACB) of the Singapore Police Force (SPF) responsible for curbing corruption with the passing of the Prevention of Corruption Ordinance (POCO) in December 1937 in spite of widespread police corruption. This first mistake was only rectified 15 years later with the creation of the CPIB in October 1952. The British colonial government's second mistake was its failure to provide the CPIB with adequate legal powers, budget and personnel to perform its functions during its first eight years.

By contrast, the PAP government has learnt from the British colonial government's failure by retaining the CPIB as the country's only Type A ACA and enacting the Prevention of Corruption Act (POCA) in June 1960 to strengthen the CPIB's legal powers and providing it with adequate budget, personnel and operational independence to perform its functions effectively. Police corruption was rampant during the colonial period but the British colonial government did not introduce measures to address these causes: the low salaries of policemen, their poor working conditions and ample opportunities for corruption, and the ineffectiveness of the ACB and POCO. On the other hand, the PAP government has minimised police corruption by improving salaries and working conditions in the SPF, enhancing its recruitment and selection procedures, strengthening its training programme, including the introduction of values education in 2002, and adopting administrative measures to minimise opportunities for corruption.<sup>159</sup> Furthermore, the PAP government's comprehensive anti-corruption strategy has focused on reducing both the incentives and opportunities for corruption by empowering the CPIB through the POCA and providing it with the necessary budget, personnel, and operational independence to enforce the POCA impartially without political interference.

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<sup>157</sup> See for example: Daniel Treisman, "What have we learned about the causes of corruption from ten years of cross-national research?" *Annual Review of Political Science*, 10 (2007): 211-244; and Rose-Ackerman and Palifka, *Corruption and Government*, Chapters 2, 4, 5 and 7.

<sup>158</sup> Steven D. Levitt and Stephen J. Dubner, *Think Like a Freak: How to Think Smarter about Almost Everything* (London: Allen Lane, 2014), pp. 66-67.

<sup>159</sup> Jon S.T. Quah, "Curbing police corruption in Singapore: Lessons for other Asian countries," *Asian Education and Development Studies*, 3 (3) (2014): 198-204.

### 3. Establish a Type A ACA and enhance its capacity

The effectiveness of Denmark, New Zealand and Finland in combating corruption is reflected in their top three ranking on Transparency International's CPI in 2016. Their success shows that it is possible to curb corruption effectively without relying on an ACA if there are other institutions to ensure good governance.<sup>160</sup> However, this option is not suitable for those Asian countries which do not have other strong institutions to deal with the rampant corruption. Faced with the other two options of relying on one ACA or multiple ACAs, policy makers should learn from the ineffectiveness of the multiple ACAs in China, India and Philippines and establish a Type A ACA like Singapore's CPIB or Hong Kong SAR's ICAC and avoid creating a Type B ACA like South Korea's ACRC, which is a "toothless" ACA because of its inability to investigate corruption cases.

As combating corruption is difficult and requires extensive financial and human resources, it would be more effective for policy makers to establish a Type A ACA that is dedicated solely to performing anti-corruption functions instead of a Type B ACA, which has to perform both corruption and non-corruption-related functions. China's CCDI, India's CBI, South Korea's ACRC and Philippines' OMB would be more effective if they focus only on combating corruption and relinquish their non-corruption-related functions to other agencies in these countries.

It is not difficult for policy makers to establish a Type A ACA in their country if they wish to do so. However, the challenge for them would be to ensure that the new Type A ACA would have sufficient trained personnel to investigate corruption cases impartially and function effectively as an independent watchdog and not as an attack dog or a paper tiger, as will be discussed below. The likely scenario would be that the new ACA would have difficulty in recruiting trained investigators and would function as an attack dog or a paper tiger rather than as an independent watchdog.

### 4. The Type A ACA should be an independent watchdog, not an attack dog or paper tiger

How does an ACA help the government that establishes it to minimise corruption in the country? There are three roles that an ACA can perform as shown in Table 20, which classifies the six ACAs analysed in this paper according to these roles. The first role, which is preferred, is the watchdog role performed by an independent ACA that investigates all corruption cases impartially, without fear of favour and regardless of the position or status of those being investigated. Luis de Sousa has defined an ACA's independence as "the capacity to carry out its mission without political interference, that is, operational autonomy."<sup>161</sup> Examples of Type A ACAs performing the watchdog role are Singapore's CPIB and Hong Kong's ICAC. As mentioned above, Robert Gregory has described the CPIB and ICAC as good examples of ACAs with high *de facto* independence and high operational impartiality.

<sup>160</sup> Jon S.T. Quah, "Different paths to curbing corruption: A comparative analysis," in Jon S.T. Quah (Ed.), *Different Paths to Curbing Corruption: Lessons from Denmark, Finland, Hong Kong, New Zealand and Singapore* (Bingley, UK: Emerald Group Publishing, 2013), pp. 225-232.

<sup>161</sup> De Sousa, "Anti-corruption agencies," 13.

**Table 20: Roles of Six Asian ACAs**

Role	Anti-Corruption Agency	CPI Rank/Score 2016
Watchdog	Corrupt Practices Investigation Bureau (Singapore) Independent Commission Against Corruption (HK)	7 <sup>th</sup> /176 (84/100) 15 <sup>th</sup> /176 (77/100)
Attack dog	Central Commission for Discipline Inspection (China) Central Bureau of Investigation (India)	79 <sup>th</sup> /176 (40/100) 79 <sup>th</sup> /176 (40/100)
Paper tiger	Anti-Corruption & Civil Rights Commission (S. Korea) Office of the Ombudsman (Philippines)	52 <sup>nd</sup> /176 (53/100) 101 <sup>st</sup> /176 (35/100)

Source: Compiled by the author.

The second role of an ACA is to act as the “attack dog” of the government which abuses its powers by using corruption as a weapon against its political opponents. As mentioned earlier, corruption charges have been used to discredit rivals and settle political scores in many Asian countries, including Cambodia, Indonesia, Malaysia and Vietnam.<sup>162</sup> As discussed in the fourth section, anti-corruption campaigns are frequently used in China against political enemies to undermine their power base in the CCP. In July 2014, the CCDI investigated Zhou Yongkang, the Minister of Public Security from 2002-2007, for corruption and the procuratorates confiscated US\$16.05 billion worth of assets from his many residences in seven provinces in China. Zhou was expelled from the CCP on 5 December 2014, not only because of his corruption offences but more importantly for his conspiracy with Bo Xilai to challenge Xi Jinping’s leadership.<sup>163</sup>

Similarly, the analysis of the CBI’s limitations in the fifth section above shows that the CBI was criticised for being used by the government as an attack dog. Other examples of Asian ACAs which are used as attack dogs by their governments are Cambodia’s Anti-Corruption Unit (ACU), Myanmar’s Anti-Corruption Commission (ACC) and Pakistan’s National Accountability Bureau (NAB).<sup>164</sup>

The third role of the ACA as a “toothless” or paper tiger is also undesirable as it reflects the government’s lack of political will to curb corruption by not providing the ACA with the necessary legal powers, budget, personnel and operational independence to enforce the anti-corruption laws impartially. As mentioned in the previous section, South Korea’s KICAC was established on 25 January 2002 as a “poor cousin” or weak replica of Hong Kong’s ICAC because it could not investigate corruption cases. Similarly, its successor, the ACRC inherited not only the KICAC’s Achilles’ heel of being unable to investigate corruption cases but its anti-corruption functions were further diluted when the KICAC was merged in February 2008 with the Ombudsman and Administrative Appeals Commission to form the ACRC, which became a Type B ACA. South Korea’s inability to improve its CPI score beyond 53-56

<sup>162</sup> Djalal, “Southeast Asia,” pp. 32-33.

<sup>163</sup> Quah, *Hunting the Corrupt “Tigers” and “Flies” in China*, pp. 79-81.

<sup>164</sup> Quah, “Combating corruption in six Asian countries,” 256-257.

during 2012-2016 reflects its failure to curb corruption and an indictment of its futile strategy of relying on such paper tigers as the KICAC and ACRC during the past 14 years.<sup>165</sup>

Unlike the ACRC, the OMB in the Philippines can investigate and prosecute corruption cases in addition to its other functions of graft prevention, disciplinary control, and provision of public assistance. However, its ineffectiveness as the lead ACA in combating corruption is the result of its serious staff shortage, limited budget, poor reputation, and inability to cooperate with the other ACAs in the Philippines. This explains why the OMB is criticised for being the “Street Ombudsman” that focuses only on petty corruption and is viewed as a paper tiger rather than as a watch dog or attack dog. In sum, the ineffectiveness of South Korea’s ACRC and Philippines’ OMB confirms the futility of establishing a “toothless” ACA or paper tiger to combat corruption.

##### *5. Combating corruption is a continuous work in progress*

Combating corruption is a difficult, expensive, and arduous task because, apart from the resources and expertise required by the Type A ACA in the country, the implementation of the anti-corruption laws will be strongly resisted by those intelligent and powerful corrupt individuals and organisations with vested interests to circumvent these laws to avoid arrest and conviction for their offences. Christian Gobel has described the tasks of combating political corruption, organised crime and vote-buying in Taiwan as “beheading the Hydra,” the Greek mythical creature with several heads that grew again when cut off.<sup>166</sup> In the same vein, Laurence Cockcroft has emphasised the need for a sustained campaign against corruption to assure victory because corruption is like “a snake which will frequently respond with poison, and will only die with repeated attack” and “only if severed at the head.”<sup>167</sup>

To combat corruption effectively, the government must identify accurately the causes of corruption in the country and recommend appropriate measures to address these causes over a sustained period of time. However, the governments in China, India, Philippines and South Korea have not only neglected this important task but have also relied on ineffective and poorly-resourced Type B ACAs to enforce their anti-corruption laws. Consequently, it is not surprising that these four countries have failed to minimise corruption.

Even though Singapore and Hong Kong SAR have minimised corruption, this does not mean that their governments can rest on their laurels because of the growing importance of private sector corruption and other threats. The investigation and conviction of four senior civil servants for corruption offences during 2010-2013 indicates that even though corruption is not a serious problem in Singapore, the CPIB must remain vigilant to deal not only with public sector corruption but with the increasing number of private sector corruption cases in recent years. The shocking revelation in July 2013 that the CPIB’s

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<sup>165</sup> Jon S.T. Quah, “Learning from Singapore’s effective anti-corruption strategy: Policy recommendations for South Korea,” *Asian Education and Development Studies*, 6 (1) (2017): 23, 26.

<sup>166</sup> Christian Gobel, “Beheading the Hydra: Combating political corruption and organised crime,” *China Perspectives*, 56 (November-December 2004): 1-17.

<sup>167</sup> Laurence Cockcroft, *Global Corruption: Money, Power and Ethics in the Modern World* (London: I.B. Tauris, 2012), pp. 231-232.

Assistant Director Edwin Yeo had misappropriated US\$1.41 million during 2008-2012 has tarnished the CPIB's reputation even though he was found guilty and jailed for ten years.

Like Singapore's CPIB, the ICAC has also not hesitated to investigate political leaders and senior civil servants in Hong Kong if they are accused of corruption offences. As mentioned above, the investigation of former Chief Executive Donald Tsang in February and April 2012 resulted in his conviction and sentencing to 20 months' imprisonment on 22 February 2017 for misconduct in public office.

## Conclusion

As the lack of political will is the most important reason for the failure of many Asian countries to combat corruption effectively during the past six decades, these countries need substantial doses of political will and capacity to implement impartially comprehensive reforms to address the causes of corruption and to sustain their implementation over a long period of time. However, this is a tall order indeed because of the scarcity and fragility of political will.<sup>168</sup>

Whether the policy makers in those Asian countries with widespread corruption can draw lessons from the success stories of Singapore and Hong Kong SAR and the failures of China, India, Philippines and South Korea, depends on their political will and capacity to establish a Type A ACA and provide it with the necessary legal powers, budget, personnel and operational independence to enforce the anti-corruption laws impartially. This means that the Type A ACA's role should be an independent watchdog that investigates all corruption complaints impartially, regardless of the status, position, or political affiliation of those being investigated. It should not be used as an attack dog against the government's political opponents, or a paper tiger that cannot investigate corruption cases.

As combating corruption in Asian countries is a continuous work in progress, policy makers concerned with improving anti-corruption measures in their countries must be realistic as their prospects for success also depends on their ability to overcome the constraints of their unfavourable policy contexts, especially in those large Asian countries with huge populations and poor governance. As political leadership is the critical ingredient for effective corruption control, the \$64,000 question is: Whether the citizens in those Asian countries with widespread corruption have the wisdom to elect honest and competent leaders to political office to implement the necessary anti-corruption reforms? If they fail to do so, corrupt individuals in their countries will continue to behave with impunity and encourage others to follow suit.

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<sup>168</sup> Jon S.T. Quah, "The normalisation of corruption: Why it occurs and what can be done to minimise it," (Paper prepared for the United Nations Department of Economic and Social Affairs, New York, December 2015), p. 53.