

REPRINTED FROM

*American Journal  
of  
Chinese Studies*

Good Governance, Accountability and  
Administrative Reform in Singapore

*Jon S.T. Quah*

A Multidisciplinary Journal Published by the  
AMERICAN ASSOCIATION FOR CHINESE STUDIES

VOLUME 15

APRIL 2008

NUMBER 1

Copyright © 2008 American Association for Chinese Studies

# Good Governance, Accountability and Administrative Reform in Singapore

Jon S.T. Quah\*

## ABSTRACT

This article contends that Singapore has attained a high level of governance because of the People's Action Party (PAP) government's success in implementing comprehensive administrative reforms and ensuring accountability by controlling corruption and transforming the President into an elected President. After ascertaining Singapore's level of governance according to the World Bank's six governance indicators, the comprehensive reforms introduced by the PAP government are analyzed with emphasis on the institutional and attitudinal reforms, meritocracy, the anti-corruption measures, competitive salaries for the ministers and senior civil servants, and the establishment of the elected President in 1991 to ensure the PAP government's accountability. To institutionalize good governance in Singapore, the PAP government has to be able to persuade talented Singaporeans to join politics and the civil service and to motivate them to behave ethically and rationally for the national interest.

Key words: Accountability, Administrative Reform, Corruption, Governance, Singapore.

## INTRODUCTION

Governance is not a new concept as it can be traced to the Greek philosophers Plato and Aristotle.<sup>1</sup> However, what is new, is "the meteoric rise over the last ten years of governance as a key concept in the international development debate."<sup>2</sup> Martin Doornbos, has observed that "The concept of good governance became prominent in international aid circles around 1989 or 1990" as before these years it was not part of the political science curricula at European and North American universities as it "had a somewhat obscure dictionary existence, primarily carrying legalistic connotations, as in respect to bodies having boards of governors."<sup>3</sup>

What does governance mean? Doornbos has argued that the concept's "intrinsic open-ended quality, vagueness, and inherent lack of specificity have tended to generate a good deal of searching and debate as to what its proper meaning is or should be, prompting multiple efforts to appropriate it and

---

\* Jon S.T. Quah, Ph.D., is an Anti-Corruption Consultant based in Singapore. He was Professor of Political Science at the National University of Singapore and Co-editor of the *Asian Journal of Political Science* until his retirement in June 2007. His website is available at <http://www.jonstquah.com>.

1 See Sir Ernest Barker, *The Political Thought of Plato and Aristotle* (New York: Dover Publications, 1959), Chapters 3-7.

2 Goran Hyden and Julius Court, "Comparing Governance Across Countries and Over Time: Conceptual Challenges," in Deke Olowu and Soumana Sako (eds.), *Better Governance and Public Policy: Capacity Building for Democratic Renewal in Africa* (Bloomfield: Kumarian Press, 2002), p. 13.

3 Martin Doornbos, "'Good Governance': The Metamorphosis of a Policy Metaphor," *Journal of International Affairs*, Vol. 57, No. 1 (Fall 2003), p. 3.

define it in particular ways."<sup>4</sup> For example, the United Nations Development Programme (UNDP) has defined governance as "the exercise of economic, political, and administrative authority to manage a country's affairs. . . . Sound governance is therefore a subset of governance, wherein public resources and problems are managed effectively, efficiently and in response to critical needs of society."<sup>5</sup>

A more specific definition is provided by Kaufmann, Kraay and Mastruzzi of the World Bank, who have defined governance as "the traditions and institutions by which authority in a country is exercised" and "includes (1) the process by which governments are selected, monitored and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them."<sup>6</sup> Based on this definition, Kaufmann, Kraay and Mastruzzi have identified the six indicators of (1) voice and accountability, (2) political stability and absence of violence, (3) government effectiveness, (4) regulatory quality, (5) rule of law, and (6) control of corruption.<sup>7</sup> The advantage of using this definition of governance is that the data for the six indicators are available for 212 countries, including Singapore.<sup>8</sup>

The aim of this article is to show that Singapore has been able to ensure good governance by emphasizing accountability and implementing administrative reforms successfully. As Singapore was a British colony for nearly 140 years, it is not surprising that accountability in Singapore is based mainly on the British model of accountability and focuses on the doctrine of ministerial responsibility, which stipulates that "ministers are held accountable, or answerable, to parliament for the actions and decisions of their departments."<sup>9</sup> This means that civil servants are accountable to their minister for their actions; and the minister, in turn, is accountable to parliament for the activities and policies undertaken by his ministry. However, unlike their counterparts in the United States, British civil servants are "anonymous" permanent career officials, who are not personally responsible for their ministry's policies.<sup>10</sup>

When the People's Action Party (PAP) government assumed office in June 1959, it inherited many problems: a huge budget deficit of US\$4.7 million left by the previous Labour Front government; a serious housing shortage as 50% of the population were squatters; an unemployment rate of 5%; labor unrest; rampant corruption; and a high crime rate. With a per capita Gross Domestic Product (GDP) of US\$443 in 1960, Singapore was a

4 Ibid., p. 5.

5 United Nations Development Programme, *Reconceptualising Governance* (New York: UNDP Discussion Paper 2, 1997), p. 9.

6 Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi, "Governance Matters III: Governance Indicators for 1996-2002" (Washington, D.C.: The World Bank, April 5, 2004), p. 2. The latest version is Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi, "Governance Matters VI: Governance Indicators for 1996-2006" (Washington, D.C.: The World Bank, July 2007), which is available at SSRN: <http://ssrn.com/abstract=999979>.

7 Kaufmann, Kraay and Mastruzzi, "Governance Matters III," pp. 3-4.

8 The data on the six governance indicators for 212 countries are available at [http://info.worldbank.org/governance/wgi2007/sc\\_chart.asp](http://info.worldbank.org/governance/wgi2007/sc_chart.asp).

9 Morton R. Davies, "Public Accountability in the United Kingdom," in Joseph G. Jabbara and O.P. Dwivedi (eds.), *Public Service Accountability: A Comparative Study* (West Hartford: Kumarian Press, 1988), p. 72.

10 Wallace S. Sayre, "Bureaucracies: Some Contrasts in Systems," in Nimrod Raphaeli (ed.), *Readings in Comparative Public Administration* (Boston: Allyn and Bacon, 1967), p. 352.



typical Third World country.<sup>11</sup> However, in 2007 its GDP per capita increased by 79 times to US\$35,163.<sup>12</sup> Indeed, Singapore is no longer considered to be a Third World country today but a First World country.<sup>13</sup>

Unlike the British colonial government, which had neglected administrative reform, the PAP government introduced comprehensive reform of the Singapore Civil Service (SCS) after assuming office in June 1959. Administrative reform is defined in this article as "the deliberate attempt to change both (a) the structures and procedures of the public bureaucracy (reorganization or the institutional aspect); and (b) the attitudes and behavior of the public bureaucrats involved (i.e., the attitudinal aspect), in order to promote organizational effectiveness and attain national development goals."<sup>14</sup>

This article contends that Singapore has attained a high level of governance because of the PAP government's success in implementing comprehensive administrative reforms and ensuring accountability by controlling corruption and transforming the President into an elected President. The following section focuses on governance in Singapore in terms of the six indicators identified by the World Bank and the *Global Competitiveness Report's* two indicators of public sector competence and public trust in politicians' honesty. After ascertaining Singapore's level of governance, this article analyzes the comprehensive reforms initiated by the PAP government in 1959 with special emphasis on the institutional and attitudinal reforms, meritocracy, the anti-corruption measures introduced, and competitive salaries for the SCS. Finally, the introduction of the elected President in 1991 is discussed in terms of ensuring the accountability of the PAP government.

#### GOVERNANCE INDICATORS FOR SINGAPORE

Kaufmann, Kraay and Mastruzzi constructed six aggregate governance indicators in terms of three clusters of two indicators each. Their definitions of these indicators are provided below:

*Process by which those in authority are selected and replaced*

1. *Voice and Accountability*: focus on the extent to which citizens can participate in the selection of their governments; and the independence of the media, which monitor those in authority and hold them accountable for their actions.
2. *Political Stability and Absence of Violence*: focus on the "perceptions of the likelihood that the government in power will be destabilized or overthrown by possibly unconstitutional and/or violent means, including domestic violence and terrorism."

*Ability of the government to formulate and implement sound policies*

3. *Government Effectiveness*: focuses on "the quality of public service provision, the quality of the bureaucracy, the competence of civil servants, the independence of the civil service from political pressures, and the credibility of the government's commitment to policies."
4. *Regulatory Quality*: focuses on "the incidence of market-unfriendly policies such as price controls or inadequate bank supervision, as well as perceptions of the burdens imposed by excessive regulation in areas such as foreign trade and business development."

*Respect of citizens and the state for the institutions which govern their interactions*

11 Jon S.T. Quah, "Singapore's Model of Development: Is it Transferable?" in Henry S. Rowen (ed.), *Behind East Asian Growth: The Political and Social Foundations of Prosperity* (London: Routledge, 1998), p. 105.

12 Singapore's GDP per capita in 2007 was S\$52,994 or US\$35,163. See "Key Annual Indicators" at <http://www.singstat.gov.sg/stat/keyind.html>.

13 Lee Kuan Yew, *From Third World to First: The Singapore Story, 1965-2000* (Singapore: Times Media Private Ltd., 2000), p. 13.

14 Jon S.T. Quah, "Administrative Reform: A Conceptual Analysis," *Philippine Journal of Public Administration*, Vol. 20, No. 1 (January 1976), p. 58.

5. *Rule of Law*: focuses on those indicators which "measure the extent to which agents have confidence in and abide by the rules of society" namely: "perceptions of the incidence of crime, the effectiveness and predictability of the judiciary, and the enforceability of contracts." Thus, these indicators measure a society's success in "developing an environment in which fair and predictable rules form the basis for economic and social interactions, and importantly, the extent to which property rights are protected."
6. *Control of Corruption*: focuses on "perceptions of corruption, conventionally defined as the exercise of public power for private gain." The existence of corruption indicates "a lack of respect of both the corrupter (typically a private citizen or firm) and the corrupted (typically a public official or politician) for the rules which govern their interactions, and hence represents a failure of governance. . . ."<sup>15</sup>

Table 1 below shows that Singapore is ranked quite high on five of the six World Bank governance indicators. Except for voice and accountability, the scores for the other five indicators have exceeded the 90 percentile rank with the indicators of government effectiveness and regulatory quality attaining the 99.5 percentile rank. Of the 26 Asian countries selected for comparison from the World Bank's database on governance indicators, Singapore ranks first on political stability, government effectiveness, rule of law, and control of corruption, second on regulatory quality, and eighth on voice and accountability, as can be seen from Table 2 below.

TABLE 1. GOVERNANCE INDICATORS FOR SINGAPORE, 2006

Governance Indicator	Percentile Rank (1-100)	Number of Surveys/Polls
Voice and Accountability	46.6	10
Political Stability	94.7	10
Government Effectiveness	99.5	11
Regulatory Quality	99.5	9
Rule of Law	95.2	14
Control of Corruption	98.1	12

Source: [http://info.worldbank.org/governance/wgi2007/sc\\_chart.asp](http://info.worldbank.org/governance/wgi2007/sc_chart.asp)

Table 3 below shows that Singapore's total governance score of 533.6 is the highest among the 26 Asian countries selected from the World Bank's database on governance indicators.<sup>16</sup> With an average governance score of 88.93, Singapore is ranked first, followed by Hong Kong, Japan, Taiwan, and South Korea. At the other extreme, Afghanistan has the lowest average governance score, followed by Myanmar and North Korea.

Table 4 below shows that the *Global Competitiveness Report* has ranked Singapore the top country among the 59 countries surveyed in 1999 and 2000, and the top country among the 75 countries surveyed in 2001-2002 in terms of the competence of its public officials. Similarly, Table 5 below shows that Singapore is also ranked number one in terms of the public's trust in politicians' honesty. In short, Tables 1 to 5 show that Singapore has attained a high level of governance according to the World Bank's six indicators and

15 Kaufmann, Kraay and Mastruzzi, "Governance Matters III," pp. 3-4.

16 The 26 Asian countries selected are: Afghanistan, Bangladesh, Bhutan, Brunei, Cambodia, China, Hong Kong, India, Indonesia, Japan, Laos, Macao, Malaysia, Maldives, Mongolia, Myanmar, Nepal, North Korea, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, and Vietnam.

TABLE 2 COMPARATIVE RANKING OF ASIAN COUNTRIES BY GOVERNANCE INDICATORS, 2006

Rank	Voice and accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of law	Control of corruption
1	Japan (75.5)	Singapore (94.7)	Singapore (99.5)	Hong Kong (100)	Singapore (95.2)	Singapore (98.1)
2	Taiwan (72.1)	Brunei (92.8)	Hong Kong (93.8)	Singapore (99.5)	Hong Kong (90.5)	Hong Kong (92.7)
3	South Korea (70.7)	Hong Kong (88.9)	Japan (88.2)	Japan (87.3)	Japan (90.0)	Japan (90.3)
4	Hong Kong (64.9)	Japan (85.1)	Taiwan (83.9)	Macao (84.9)	Taiwan (74.8)	Bhutan (80.6)
5	Singapore* (46.6)	Macao (81.7)	South Korea (82.9)	Brunei (80.0)	South Korea (72.9)	Taiwan (70.4)
Last	Myanmar (0)	Afghanistan (1.4)	North Korea (0.5)	North Korea (0.5)	Afghanistan (0.5)	North Korea (0.5)

Source: Compiled from [http://info.worldbank.org/governance/wgi2007/sc\\_chart.asp](http://info.worldbank.org/governance/wgi2007/sc_chart.asp)

\*Singapore was ranked 8th on voice and accountability among 26 Asian countries.

the *Global Competitiveness Report's* indicators of public sector competence and public trust in politicians' honesty.

TABLE 3. GOVERNANCE SCORES OF SELECTED ASIAN COUNTRIES, 2006

Country	Total Governance Score*	Average Governance Score**	Rank
Singapore	533.6	88.93	1
Hong Kong	530.8	88.46	2
Japan	516.4	86.06	3
Taiwan	443.2	73.86	4
South Korea	421.9	70.31	6
North Korea	47.6	7.93	24
Myanmar	32.6	5.43	25
Afghanistan	23.5	3.91	26

Source: Calculated from [http://info.worldbank.org/governance/wgi2007/sc\\_chart.asp](http://info.worldbank.org/governance/wgi2007/sc_chart.asp)

\*Calculated by adding the scores on the six indicators for each country. The maximum score is 600.

\*\*Calculated by dividing the total governance score by six, with a maximum score of 100.

#### COMPREHENSIVE ADMINISTRATIVE REFORM (1959-1960)

When the PAP leaders assumed office in June 1959, they had to transform the colonial bureaucracy they inherited to ensure the efficient implementation of the socio-economic development programs. Needless to say, this was not an easy task as they had to rectify the weaknesses of the colonial bureaucracy accumulated during the 140 years of British colonial rule. Accordingly, the PAP government initiated a comprehensive reform of the SCS and formed the statutory boards.

TABLE 4. PUBLIC SECTOR COMPETENCE OF 12 ASIAN COUNTRIES, 1999 TO 2001-2002

Rank	1999	2000	2001-2002
1	Singapore	Singapore	Singapore
2	Vietnam	Hong Kong	Japan
6	Japan	Japan (3)	Hong Kong (4)
9	Hong Kong	Vietnam (4)	China (6)
10	China	China	Taiwan (11)
16	Taiwan	Taiwan (17)	Vietnam (25)
21	India	South Korea (24)	South Korea (27)
34	South Korea	India (26)	India (34)
37	Thailand	Thailand (35)	Thailand (44)
43	Indonesia	Malaysia (37)	Indonesia (48)
46	Malaysia	Indonesia (43)	Philippines (58)
49	Philippines	Philippines (45)	Malaysia (65)

Source: *The Global Competitiveness Report 1999* (New York: Oxford University Press, 1999), p. 242, Table 2.05 Public Sector Competence; *The Global Competitiveness Report 2000* (New York: Oxford University Press, 2000), p. 238, Table 3.07 Competence of Public Officials; and *The Global Competitiveness Report 2001-2002* (New York: Oxford University Press, 2002), p. 399, Table 6.06 Competence of Public Officials.

N.B.: The numbers within the brackets in columns three and four indicate the rank of the country.

#### *Institutional Reform*

The SCS was reorganized into nine ministries in June 1959 and two new ministries were created: the Ministry of Culture and the Ministry of National Development to deal with nation-building and economic development respectively. Moreover, ineffective statutory boards like the Singapore Improvement Trust and the Singapore Harbor Board were replaced respectively by the Housing and Development Board in 1960, and the Port of Singapore Authority in 1964.

Statutory boards were formed by the PAP government for three reasons. First, statutory boards were established to perform efficiently the tasks of development without facing the constraints encountered by the SCS, whose role in national development has been restricted to regulative and routine matters as it is handicapped by rigid regulations and inflexibility. Second, the PAP leaders created statutory boards to reduce the SCS's workload by entrusting the new organizations with the implementation of socio-economic development programs. Finally, statutory boards were formed to minimize the brain drain of talented civil servants to the private sector by encouraging competent personnel from the SCS and the private sector to participate in the development programs by joining such agencies.<sup>17</sup>

17 Jon S.T. Quah, "Statutory Boards," in Jon S.T. Quah, Chan Heng Chee and Seah Chee Meow (eds.), *Government and Politics of Singapore* (Singapore: Oxford University Press, 1987), pp. 125-127.



TABLE 5. PUBLIC TRUST IN POLITICIANS' HONESTY IN 12 ASIAN COUNTRIES 1999 TO 2003-2004

1999	2000	2001-2002	2003-2004
Singapore (1)	Singapore (1)	Singapore (1)	Singapore (1)
Hong Kong (11)	Hong Kong (7)	Hong Kong (10)	Hong Kong (13)
Vietnam (20)	Vietnam (24)	Vietnam (15)	Malaysia (19)
China (26)	Malaysia (29)	China (18)	China (20)
Taiwan (27)	China (32)	Taiwan (29)	Taiwan (24)
Malaysia (30)	Japan (34)	Thailand (37)	Vietnam (25)
Japan (31)	Taiwan (35)	Malaysia (38)	Indonesia (38)
Indonesia (41)	Indonesia (40)	Japan (40)	Thailand (40)
Thailand (45)	South Korea (44)	India (49)	South Korea (42)
South Korea (48)	Thailand (47)	South Korea (51)	Japan (51)
Philippines (49)	Philippines (51)	Philippines (52)	India (82)
India (53)	India (53)	Indonesia (53)	Philippines (94)
N = 59	N = 59	N = 75	N = 102

Source: *The Global Competitiveness Report 1999*, p. 327, Table 8.19 Trust in Politicians' Honesty; *The Global Competitiveness Report 2000*, p. 253, Table 4.16 Public Trust of Politicians; *The Global Competitiveness Report 2001-2002*, p. 408, Table 7.07 Public Trust of Politicians; and *The Global Competitiveness Report 2003-2004* (New York: Oxford University Press, 2004), p. 499, Table 7.10 Public Trust of Politicians.

N.B.: The numbers within brackets refer to the rank.

### Attitudinal Reform

In addition to the reorganization of the SCS and the formation of statutory boards, the PAP government subjected the civil servants to "intense psychological pressure" because it believed that their values were "irrelevant, if not dysfunctional, in the context of mass politics."<sup>18</sup> The attitudinal reform of the civil servants was initiated on August 15, 1959, when the Political Study Center was opened by Prime Minister Lee Kuan Yew. In his opening speech, Lee expressed his hope that the civil servants would change their "colonial mentality" once they were made aware of the problems facing the country.

The Political Study Center conducted a two-week part-time and non-residential course for senior civil servants to change their attitudes and to increase their awareness of the local contextual constraints. In addition to the Political Study Center, the PAP government introduced four other methods for changing the civil servants' attitudes and behavior:

1. "Voluntary" participation by civil servants in mass civic projects during the weekends to enable them to get better acquainted with the political leaders and to expose them to other values.<sup>19</sup>
2. Recruitment of non-English-educated graduates from the former Nanyang University to reduce the predominance of the English-educated civil servants and to rectify the negative image of the SCS as their preserve.<sup>20</sup>

18 Seah Chee Meow, "Bureaucratic Evolution and Political Change in an Emerging Nation: A Case Study of Singapore," (Ph.D. dissertation, Faculty of Economic and Social Studies, Victoria University of Manchester, 1971), p. 86.

19 Jon S.T. Quah, "Administrative Reform and Development Administration in Singapore: A Comparative Study of the Singapore Improvement Trust and the Housing and Development," (Ph.D. dissertation, Department of Government, Florida State University, 1975), pp. 328-329.

20 *Ibid.*, p. 329.



3. Tougher disciplinary measures were introduced to deal with those civil servants found guilty of misbehavior. The Central Complaints Bureau was formed in 1961 to enable the non-English educated public with a channel to complain against rude or inefficient civil servants.<sup>21</sup>
4. Selective retention of competent expatriate civil servants and premature retirement of incompetent ones.<sup>22</sup>

In sum, the PAP government's efforts in attitudinal reform "were aimed at breaking what it regarded to be an isolationist and anachronistic outlook of the Civil Service."<sup>23</sup> While the PAP leaders needed the support of the civil servants to implement their programs, they also realized that they had to first demonstrate to the civil servants that they were firmly in charge before the latter would give their support.

#### RELiance ON MERITOCRACY, NOT SENIORITY

The British colonial government introduced meritocracy to Singapore in January 1951 with the establishment of the Public Service Commission (PSC) to accelerate the pace of localization of the SCS and to insulate the latter from politics by ensuring that recruitment and promotion are based on merit and not patronage. While the PAP government has continued to rely on the PSC to ensure meritocracy in the SCS, it has, however, discontinued the British colonial government's reliance on seniority as an important criterion for promotion.

Prime Minister Lee Kuan Yew made explicit his preference for efficiency and his disdain for seniority in November 1959 thus:

I am in favor of efficient service. The brighter chap goes up and I don't care how many years he has been in or he hasn't been in. If he is the best for the job, put him there.<sup>24</sup>

The consequence of this change in policy was the promotion of competent local civil servants to more responsible positions, regardless of their seniority. This policy remains in force today and accounts for the relative youthfulness of many of the permanent secretaries. For example, Ngiam Tong Dow, who served in the SCS from 1959-1999, became the youngest permanent secretary in the Ministry of Communications at the age of 35 in 1972.<sup>25</sup>

Lee's concern for meritocracy and the need to attract "the best and brightest" Singaporeans to join the SCS can be attributed to his experience as a legal adviser for several trade unions in Singapore in the 1950s before his entry into politics. He won his legal cases against the colonial government as its lawyers were usually incompetent and poorly paid. Thus, it is not surprising that Lee has supported the PSC's emphasis on meritocracy in the SCS. In November 1993, Lee reiterated the importance of meritocracy in his keynote address to African leaders attending a conference in Singapore:

A strong political leadership needs a neutral, efficient, honest Civil Service. Officers must be recruited and promoted solely on merit. . . . Appointments, awards of scholarships must be made to the best candidates.<sup>26</sup>

Two foreign scholars have commented favorably on the emphasis on meritocracy in the SCS. Ezra Vogel of Harvard University has described Singa-

21 Ibid., pp. 330-331.

22 Ibid., p. 331.

23 Seah, "Bureaucratic Evolution and Political Change in an Emerging Nation," p. 88.

24 Quoted in *ibid.*, p. 88.

25 Simon S.C. Tay, "Introduction," in Simon S.C. Tay (ed.), *A Mandarin and the Making of Public Policy: Reflections by Ngiam Tong Dow* (Singapore: NUS Press, 2006), p. 5.

26 Lee Kuan Yew, "Can Singapore's Experience be Relevant to Africa?" in *Can Singapore's Experience be Relevant to Africa?* (Singapore: Singapore International Foundation, 1994), p. 5.

pore as a "macho-meritocracy" as "what is unusual in Singapore is not the prominence of meritocratic administrators, but the fact that the meritocracy extends upwards to include virtually all political leaders."<sup>27</sup> Similarly, in his 1996 study of the Economic Development Board (EDB), Edgar H. Schein referred to the existence of an incorruptible, competent civil service that "operated with an open and consistent set of rules that were vigorously enforced" as one of the core assumptions of the EDB's cultural context.<sup>28</sup> He further contended that: "having 'the best and brightest' in government is probably one of Singapore's major strengths in that they are potentially the most able to invent what the country needs to survive and grow and to overcome problems."<sup>29</sup>

#### CLEAN GOVERNMENT BY MINIMIZING CORRUPTION

When the PAP government assumed power in June 1959, it inherited, *inter alia*, a civil service that was afflicted by corruption during the British colonial period. The rapid inflation during and after the Japanese Occupation (1942-1945), coupled with the fixed and low salaries earned by the civil servants, made most of them vulnerable to corruption. Trading in the black market was "a way of life" as "everyone was surviving on some sort of black marketing." Furthermore, "nepotism and corruption was perfectly acceptable and everyone resorted to connections, friends and relatives" to get jobs.<sup>30</sup>

Indeed, the Japanese Occupation bred corruption as "bribery, blackmail and extortion grew out of the violence and fear, the mechanisms with which the Japanese ruled their occupied territories."<sup>31</sup> Not surprisingly, corruption became a way of life and the British Military Administration which assumed control in August 1945 was derisively referred to as the "Black Market Administration."<sup>32</sup> Five years later, the Commissioner of Police reported that corruption was prevalent in many government departments.<sup>33</sup>

Thus, an immediate task facing the newly-elected PAP government in 1959 was to minimize, if not eliminate, corruption in general, and in the SCS in particular. In his memoirs, former Prime Minister Lee Kuan Yew recounted his government's commitment to curbing corruption thus:

When the PAP government took office in 1959, we set out to have a clean administration. We were sickened by the greed, corruption and decadence of many Asian leaders. . . . We had a deep sense of mission to establish a clean and effective government. When we took the oath of office at the ceremony in the city council chamber in June 1959, we all wore white shirts and white slacks to symbolize purity and honesty in our personal behavior and our public life. . . . We made sure from the day we took office in June 1959

27 Ezra F. Vogel, "A Little Dragon Tamed," in Kernial S. Sandhu and Paul Wheatley (eds.), *Management of Success: The Moulding of Modern Singapore* (Singapore: Institute of Southeast Asian Studies, 1989), p. 1052.

28 Edgar H. Schein, *Strategic Pragmatism: The Culture of Singapore's Economic Development Board* (Cambridge: The MIT Press, 1996), pp. 169-170.

29 *Ibid.*, pp. 221-222.

30 Lee Gek Boi, *The Syonan Years: Singapore Under Japanese Rule 1942-1945* (Singapore: National Archives of Singapore and Epigram, 2005), p. 142.

31 *Ibid.*, p. 205

32 Jon S.T. Quah, *Curbing Corruption in Asia: A Comparative Study of Six Countries* (Singapore: Eastern Universities Press, 2003), p. 110.

33 Jon S.T. Quah, *Administrative and Legal Measures for Combating Bureaucratic Corruption in Singapore* (Singapore: Department of Political Science, University of Singapore, Occasional Paper No. 34, 1978), p. 14.

that every dollar in revenue would be properly accounted for and would reach the beneficiaries at the grass roots as one dollar, without being siphoned off along the way.<sup>34</sup>

Since the PAP leaders realized that it would be difficult to minimize corruption if they had continued with the British colonial government's incremental anti-corruption strategy, they initiated a comprehensive anti-corruption strategy in 1960 by enacting the Prevention of Corruption Act (POCA) and strengthening the Corrupt Practices Investigation Bureau (CPIB), which was formed by the British colonial government in October 1952 in response to the rampant police corruption as manifested in the involvement of three police detectives in the Opium Hijacking Scandal of October 1951.<sup>35</sup>

Initially, the PAP government focused its efforts on strengthening the existing legislation to reduce the opportunities for corruption and to increase the penalty for corrupt behavior as it could not afford to raise the salaries of civil servants. Accordingly, the Prevention of Corruption Ordinance (POCO), which was enacted in December 1937, was amended and replaced in 1960 with the POCA, which was more comprehensive in scope and empowered the CPIB to arrest and search individuals and to examine the bank accounts and other assets of civil servants under investigation.<sup>36</sup> The PAP government ensures the POCA's continual effectiveness by introducing, whenever necessary, amendments (as in 1963, 1966, 1981 and 1989), or new legislation in 1989 to remove legal loop-holes and deal with unanticipated problems.<sup>37</sup>

The PAP government was only able to implement the second prong of its comprehensive anti-corruption strategy (the reduction of incentives for corruption by improving the salaries and working conditions in the SCS) in 1972 with the payment of a 13th month salary in December. The salaries of civil servants were periodically increased whenever the salary gap between the public and private sectors widened to minimize the brain drain of civil servants to the private sector. In March 1985, Prime Minister Lee Kuan Yew justified his government's approach in combating corruption by raising the salaries of his Cabinet ministers thus: "Pay political leaders the top salaries that they deserve and get honest, clean government or underpay them and risk the Third World disease of corruption."<sup>38</sup> As Singapore needed a corruption-free administration and an honest political leadership to preserve its most precious assets, Lee concluded that the best way of tackling corruption was "moving with the market," which is "an honest, open, defensible and workable system" instead of hypocrisy, which results in "duplicity and corruption."<sup>39</sup>

The effectiveness of Singapore's comprehensive anti-corruption strategy is reflected in the perception that it is the least corrupt Asian country from 1995-2007 according to Transparency International's Corruption Perceptions Index (CPI). Table 6 below shows that in 1995, Singapore was ranked the third least corrupt country with a score of 9.26 among the 41 countries surveyed. Twelve years later, in 2007, Singapore has attained a CPI score of 9.3 out of 10 and fourth position among the 180 countries included in the sam-

34 Lee, *From Third World to First*, pp. 182-184.

35 Quah, *Curbing Corruption in Asia*, pp. 113-115.

36 For more details of the CPIB's powers in the POCA, see *ibid.*, p. 116.

37 *Ibid.*, pp. 116-117.

38 "PM: Pay Well or We'll Pay for It," *Straits Times* (Singapore), March 23, 1985, p. 1.

39 *Ibid.*, pp. 14-16.



ple. Singapore's average CPI rank and score are 5.5 and 9.2 respectively during 1995-2007.

TABLE 6. SINGAPORE'S RANKING ON TRANSPARENCY INTERNATIONAL'S CORRUPTION PERCEPTIONS INDEX, 1995-2007

Year	Rank	Score	No. of countries
1995	3rd	9.26	41
1996	7th	8.80	54
1997	9th	8.66	52
1998	7th	9.1	85
1999	7th	9.1	99
2000	6th	9.1	90
2001	4th	9.2	91
2002	5th	9.3	102
2003	5th	9.4	133
2004	5th	9.3	146
2005	5th	9.4	159
2006	5th	9.4	163
2007	4th	9.3	180
Average	5.5th	9.2	-

Source: Compiled from the CPI from 1995-2007. See: <http://www.transparency.org>

#### PAYING FOR "THE BEST AND BRIGHTEST"

In accordance with the emphasis on meritocracy in the SCS, the PAP government has raised the salaries of civil servants and political leaders from 1972 onwards to minimize the brain drain to the private sector by reducing the wage gap between the private and public sectors. The World Bank study of *The East Asian Miracle* found that "the more favorably the total public sector compensation package compares to compensation in the private sector, the better the quality of the bureaucracy."<sup>40</sup> Accordingly, "Singapore, which is widely perceived to have the region's most competent and upright bureaucracy, pays its bureaucracy best."<sup>41</sup>

Singapore's rapid economic growth during the 1970s and 1980s resulted in higher salaries and substantial bonuses in the private sector and led to a brain drain of talented civil servants. The PAP government sought to stem the brain drain by increasing the salaries of civil servants and political leaders periodically from 1972 to January 1994. For example, in 1989, the Minister for Trade and Industry, Lee Hsien Loong, emphasized that as the government's fundamental philosophy was to "pay civil servants market rates for their abilities and responsibilities," it "will offer whatever salaries are necessary to attract and retain the talent that it needs." He explained that the salary revision was "designed to catch up with several years of rising private sector incomes, and to make public service careers more competitive with the

40 *The East Asian Miracle: Economic Growth and Public Policy* (New York: Oxford University Press for the World Bank, 1993), p. 175.

41 *Ibid.*, p. 176.

private sector." He concluded by promising that the government "will continue to carry out regular surveys of private sector salaries to stay competitive" because "paying civil servants adequate salaries is *absolutely essential* to maintain the quality of public administration which Singaporeans have come to expect."<sup>42</sup> In January 1994, the salaries of ministers and senior civil servants were raised to keep pace with private sector salaries and to compensate for the reduction in their medical benefits.

However, in October 1994, a White Paper on *Competitive Salaries for Competent and Honest Government* was presented to Parliament to justify the pegging of the salaries of ministers and senior civil servants to the average salaries of the top four earners in six private sector professions: accounting, banking, engineering, law, local manufacturing companies, and multinational corporations. More specifically, the White Paper recommended the introduction of formal salary benchmarks for ministers and senior civil servants, additional salary grades for political appointments and annual salary reviews for the SCS. The adoption of the long-term formula suggested in the White Paper removed the need to justify the salaries of ministers and senior civil servants "from scratch with each salary revision."<sup>43</sup>

An International Labor Office expert has observed that "the high salaries [in Singapore] send a clear signal to civil servants in particular, and society generally, that the Government values greatly and is prepared to pay very generously a few key bureaucrats for their services to the country."<sup>44</sup> Table 7 below provides details of the salaries of the Prime Minister, Minister, Permanent Secretary, and Deputy Secretary after the June 2000 salary revision.<sup>45</sup> In short, the PAP government's policy of ensuring competitive pay for ministers and senior civil servants by benchmarking their salaries with those of six private sector professions has enabled the SCS to minimize the brain drain of civil servants to the private sector.

#### THE ELECTED PRESIDENT

When Singapore attained self-government in June 1959, it inherited a British-style parliamentary form of government with a prime minister as the head of government and a *Yang Di Pertuan Negara* as head of state. After achieving independence on August 9, 1965, Singapore became a Republic with the passing of the Constitutional Amendment Act on December 22, 1965 and the institution of the *Yang Di Pertuan Negara* was transformed into the Presidency.

According to the Constitution of Singapore, the President is the head of state and before 1991 was elected for a four year term by Parliament. However, power resides in the Prime Minister, who is the head of government

42 Republic of Singapore, *Parliamentary Debates Singapore Official Report*, Vol. 53, No. 6 (March 17, 1989), columns 382-383, 396, emphasis added, quoted in Jon S.T. Quah, "Paying for the 'best and brightest': Rewards for High Public Office in Singapore," in Christopher Hood and B. Guy Peters with Grace O.M. Lee (eds.), *Reward for High Public Office: Asian and Pacific Rim States* (London: Routledge, 2003), p. 151.

43 Republic of Singapore, *Competitive Salaries for Competent and Honest Government: Benchmarks for Ministers and Senior Public Officers* Command 13 of 1994, White Paper presented to the Parliament of Singapore, October 21, 1994 (Singapore: Prime Minister's Office, 1994), pp. 12-13, and 18.

44 David C.E. Chew, "Economic Restructuring and Flexible Civil Service Pay in Singapore," in Christopher Colclough (ed.), *Public-Sector Pay and Adjustment: Lessons from Five Countries* (London: Routledge, 1997), p. 37.

45 These salaries have been reduced by 17% because of the 2001 recession.

TABLE 7 SALARIES OF SELECTED MINISTERS AND SENIOR CIVIL SERVANTS IN SINGAPORE, JUNE 2000

Grade	Monthly Salary	Annual Salary	Revised Monthly Salary	Revised Annual Salary
Prime Minister	S\$85,000	S\$1.69 million	S\$85,300	S\$1.94 million
Minister Staff Grade II	S\$48,900	S\$1.13 million	S\$55,700 S\$49,900 S\$44,600	S\$1.42 million S\$1.27 million S\$1.13 million
Minister Staff Grade I	S\$37,800	S\$861,000	S\$47,400 S\$37,900	S\$1.21 million S\$968,000
Permanent Secretary Superscale B	S\$28,000	S\$638,000	S\$39,800 S\$28,800	S\$1.01 million S\$736,000
Deputy Secretary Superscale G	S\$13,400	S\$242,000	S\$18,800 S\$17,500	S\$390,000 S\$363,000

Source: *Straits Times*, (Singapore) June 30, 2000, p. 53.

N.B. US\$1=1.72 in 2000

and *primus inter pares* in the Cabinet. The origins of the elected presidency proposal can be traced to Prime Minister Lee Kuan Yew's revelation in April 1984 that his government was "seriously thinking about amending the Constitution to introduce a 'blocking mechanism' so that foreign reserves could be spent only with the assent of the President and a special committee."<sup>46</sup> In August 1984, Lee reiterated in his National Day Rally speech that the Constitution would be amended to ensure that any future government would not squander the nation's reserves, and to provide for the creation of an elected President, with powers to control the spending of the reserves. By December 1984, Singapore's official foreign reserves amounted to S\$22.8 billion.<sup>47</sup>

Thio Li-Ann has argued that the elected presidency in Singapore was "an institutional response to curb the untrammled power of the parliamentary executive" as the "existence of a *de facto* single-party dominant state" has "thrown the checks and balances dynamic into disequilibrium."<sup>48</sup> In other words, the problem which the elected presidency is designed to solve is this: How to check the power of the Prime Minister in Singapore's one-party dominant Parliament?<sup>49</sup> Indeed, without certain safeguards, it would be quite easy for a corrupt prime minister to squander the country's hard-earned official foreign reserves, which have increased to S\$234,545.6 million (US\$155,627.1 million) in December 2007.<sup>50</sup>

Accordingly, on July 29, 1988, Goh Chok Tong, who was then the First Deputy Prime Minister, introduced a White Paper entitled, *Constitutional Amendments to Safeguard Financial Assets and the Integrity of the Public Services in*

46 Linda Low and Toh Mun Heng, *The Elected Presidency as a Safeguard for Official Reserves: What is at Stake?* (Singapore: Institute of Policy Studies Occasional Paper No. 1, 1989), p. 29, fn. 1.

47 Jon S.T. Quah, "Singapore: The Politics of Transition," in Azizah Kassim and Lau Teik Soon (eds.), *Malaysia and Singapore: Problems and Prospects* (Singapore: Singapore Institute of International Affairs, 1992), p. 198.

48 Thio Li-Ann, "The Elected President and the Legal Control of Government: *Quis custodiet ipsos custodiet*" in Kevin Y.L. Tan and Lam Peng Er (eds.), *Managing Political Change in Singapore: The Elected Presidency* (London: Routledge, 1997), p. 101.

49 Quah, "Singapore: The Politics of Transition," p. 198.

50 "Key Annual Indicators," at <http://www.singstat.gov.sg/stats/keyind.html>.



Parliament. The aim of this White Paper was to propose the creation of an elected President without executive powers to perform a custodial role in protecting the official foreign reserves, and in maintaining the integrity of the SCS and statutory boards. The parliamentary system of government would remain unchanged, with the Prime Minister and his Cabinet continuing to govern the country. The only difference was that the government would require the approval of the elected President before it (1) could spend the official foreign reserves which it itself had not accumulated, and (2) make appointments to important positions in the SCS and statutory boards. As it is "impossible to design a completely foolproof protection against an irresponsible government," the White Paper emphasized the need for the Constitution to contain "safeguards which make it very difficult for any government to act in a manner detrimental to the nation's best interests."<sup>51</sup> Goh Chok Tong described the proposed constitutional safeguard as "a two-key mechanism: the Prime Minister and his Cabinet possessing one key, and the elected President, the other. Both keys must be used before the reserves can be unlocked or the integrity of the public service dismantled."<sup>52</sup>

Referring to the experiences of other countries where "irresponsible, free-spending governments have mismanaged the national finances and irreversibly ruined their economies," the White Paper justified the need for an elected President to check the "untrammelled power" of the Prime Minister and his Cabinet in the following way:

Presently our Constitution does not contain any checks on the government. . . . Any government . . . has complete access to all the levers of powers and decision-making. It can do anything it wishes to the financial assets and reserves. It can also change any appointment in the civil service. . . . Similarly, the Cabinet appoints and removes members of Statutory Boards. Overnight, everything can be dismantled.<sup>53</sup>

After two years of public discussion on the topic, the PAP government published a second White Paper on August 27, 1990, which proposed that the elected President be given the additional role of preventing the government from abusing its powers to curb subversion, religious extremism, and corruption. More specifically, the elected President can prevent the government from abusing the Internal Security Act's powers by requiring the Minister for Home Affairs to obtain the elected President's support if he disagrees with the Advisory Board's recommendation.<sup>54</sup>

To maintain religious harmony in Singapore, the Maintenance of Religious Harmony Act empowers the Minister for Home Affairs to issue Prohibition Orders to prevent "persons from causing ill will between religions and from mixing religion and politics." The Minister is assisted by the Presidential Council for Religious Harmony, which advises him on whether to revoke or modify a Prohibition Order, but he does not need to accept this advice. However, the Minister requires the elected President's assent if he wishes to ignore the Council's recommendation.<sup>55</sup>

---

<sup>51</sup> Republic of Singapore, *Constitutional Amendments to Safeguard Financial Assets and the Integrity of the Public Services*, Command 10 of 1988, White Paper presented to the Parliament in Singapore, July 29, 1988, p. 2.

<sup>52</sup> Goh Chok Tong, "Custodial Role of the President," *Straits Times*, (Singapore) July 20, 1988, p. 16.

<sup>53</sup> Republic of Singapore, *Constitutional Amendments to Safeguard Financial Assets and the Integrity of the Public Services*, pp. 1-2, paragraphs 5 and 12.

<sup>54</sup> *Ibid.*, p. 7, paragraph 25.

<sup>55</sup> *Ibid.*, p. 7, paragraphs 26-27.

Finally, the elected President's powers are designed to prevent an "irresponsible, free-spending" government from mismanaging the national finances, or from undermining the civil service's integrity "through nepotism and politically expedient appointments." Thus, a government which behaves in this manner will "most likely condone corruption, or block CPIB [Corrupt Practices Investigation Bureau] investigations into complaints of corruption." If the Director of the CPIB does not have the Prime Minister's consent to make inquiries or investigate complaints of corruption against a minister or senior civil servant, article 22G of the Constitution enables him to proceed with investigations "even if the prime minister refused authorization, provided the president concurs therewith."<sup>56</sup>

Lee Hsien Loong, who was then Deputy Prime Minister, referred to this check on the Prime Minister in his speech to Parliament on March 13, 2003:

... the Prime Minister is responsible for the integrity of the whole civil service, the public sector, as well as the Judges and the Ministers. It is his responsibility to keep the system clean. If he does not, and we have a corrupt Prime Minister, then we are in serious trouble. We have safeguarded that situation, because under the Constitution if the Prime Minister would not give leave to the CPIB to pursue a case, the CPIB can go to the President, and the President can give leave to proceed. So, *even the Prime Minister can be investigated.*<sup>57</sup>

The Constitution of the Republic of Singapore (Amendment No. 3) Bill was read for the second time in Parliament on October 4, 1990. It was sent by Parliament to a Select Committee two days later to scrutinize the Bill and to ascertain whether modifications were required. The Select Committee received 34 representations in English, Chinese and Malay and presented its report to Parliament on December 20, 1990. The Bill was finally passed on January 3, 1991.

#### CONCLUSION: INSTITUTIONALIZING GOOD GOVERNANCE

In November 1992, two years after he succeeded Lee Kuan Yew as prime minister, Goh Chok Tong contended that meritocracy was the key to Singapore's success as "it is this practice of meritocracy in the civil service, in politics, in business and in schools, which has allowed Singaporeans to achieve excellence and to compete against others."<sup>58</sup> In other words, the key to institutionalizing good governance in Singapore is to maintain the tradition of an honest and competent government established by the PAP government during the last 48 years through its commitment to meritocracy and an effective and comprehensive anti-corruption strategy, which has made corruption a "high risk, low reward" activity by minimizing *both* the incentives and opportunities for such behavior by punishing those guilty, regardless of their position or status in society.

Goh Chok Tong stepped down as prime minister on August 12, 2004 and was succeeded by Lee Hsien Loong, who became Singapore's third prime minister. In his inaugural speech, Prime Minister Lee urged Singaporeans to build "a dynamic city that is open and inclusive, a meritocratic society that is

<sup>56</sup> Thio, "The Elected President and the Legal Control of Government," p. 114. For more details on the elected President's term of office, powers and immunities, see Kevin Y.L. Tan, *An Introduction to Singapore's Constitution* (Singapore: Talisman Publishing, 2005), pp. 87-88.

<sup>57</sup> Quoted in Corrupt Practices Investigation Bureau, *Swift and Sure Action: Four Decades of Anti-Corruption Work* (Singapore: CPIB, 2003), p. 2.16, emphasis added.

<sup>58</sup> Goh Chok Tong, "My Urgent Mission," *Petir* No. 11-12/92 (November-December 1992), p. 15.

compassionate and caring."<sup>59</sup> Four days later, Lee Kuan Yew indicated that his role as Minister Mentor was to remind his younger colleagues to protect the "gold standards" of "a clean and efficient government, world class infrastructure and business-friendly economy" to ensure that Singapore stays ahead of its rivals.<sup>60</sup>

#### *Attracting and Retaining the Talented*

With the institution of the elected President in place, the challenges associated with the institutionalization of good governance in Singapore are two-fold. The first challenge facing the PAP leaders is to attract, motivate and retain the "best and brightest" Singaporeans in political office and the public bureaucracy in the face of increasing competition from the private sector and other countries. The PAP government has relied on both meritocracy and competitive salaries to persuade talented Singaporeans to take up careers in politics and the SCS.

The reliance on meritocracy is important and should be continued. However, it is difficult to understand why the PAP government has continued to rely *solely* on salary revision to curb the brain drain of talented civil servants to the private sector when the salary increases during the 1970s and 1980s had been ineffective in preventing Division I officers below the head of department level from leaving the SCS.

TABLE 8. RESIGNATION RATE OF DIVISION I OFFICERS IN THE SCS, 1971-1984

Year	No. of Division I officers resigned	No. of Division I officers in SCS	Resignation Rate (per cent)
1971	142	2,826	5.0
1972	163	3,621	4.5
1973	205	3,874	5.3
1974	256	4,136	6.2
1975	259	4,633	5.6
1976	326	5,249	6.2
1977	293	5,479	5.4
1978	269	6,002	4.5
1979	307	6,430	4.8
1980	322	6,634	4.9
1981	474	6,912	6.9
1982	351	7,298	4.8
1983	309	7,754	4.0
1984	272	8,396	3.2

Source: Republic of Singapore, *Parliamentary Debates Singapore Official Report*, Vol. 45, No. 8, March 18, 1985, Appendix III, Table 2.

Table 8 above provides details of the resignation rate of Division I officers in the SCS from 1971 to 1984 and shows that the salary increases in 1972,

<sup>59</sup> Text of Prime Minister Lee Hsien Loong's Inaugural Speech on August 12, 2004, reprinted in *Straits Times* (Singapore), August 13, 2004, p. 9.

<sup>60</sup> Laurel Teo and Peh Shing Huei, "Uphold 'gold standards', says MM Lee," *Straits Times* (Singapore), August 17, 2004, p. 1.



1973, 1979, and 1982 failed to reduce the brain drain of bureaucrats to the private sector.<sup>61</sup> The resignation rate in 1974 had risen to 6.2% even though salaries were revised in 1972 and 1973. Similarly, the resignation rate also increased slightly from 4.8% to 4.9% from 1979 to 1980 even though there was a substantial salary increase in 1979. The 6.9% resignation rate in 1981 led to the 1982 salary revision but the resignation rate in 1983 was only reduced to 4%.

In view of the limited effectiveness of periodic salary revision in curbing the brain drain to the private sector, the PAP government should find out why senior civil servants are leaving the SCS for the private sector instead of assuming that salary is the only factor. While the higher salaries in the private sector constitute an important "pull" factor for the brain drain, the importance of such "push" factors like the preferential treatment and accelerated promotion of high-flyers or "scholars" (civil servants awarded scholarships by the PSC) at the expense of the "non-scholars" in the SCS should not be ignored. Thus, instead of relying only on salary revision, the PAP government should also improve the low morale of the "non-scholar" civil servants by minimizing the preferential treatment of their "scholar" counterparts, and by relying also on non-monetary rewards to promote loyalty among all civil servants.

#### *Keeping the Government Honest and Effective*

The second challenge facing the PAP government in institutionalizing good governance in Singapore is the need to maintain and preserve the tradition of honest and effective government. As there is no guarantee that future political leaders will remain honest and incorrupt, the current anti-corruption strategy, which has been effective in minimizing corruption in Singapore should be continued and periodically reviewed and fine-tuned to ensure its continued effectiveness.

In July 2005, Prime Minister Lee Hsien Loong introduced revisions to the codes of conduct for ministers and Members of Parliament (MPs). For ministers, ministers of state, and parliamentary secretaries, the code of conduct has been revised to include a new section on the guidelines concerning the acceptance of gifts and services.<sup>62</sup> Ministers and members of their families are not allowed to accept gifts or services which place them in a position which conflicts with their public duty. However, if the gift cannot be returned without causing offence or is not practical, the minister should hand it to the permanent secretary in his ministry for valuation if he chooses to buy the gift at its cash value. Alternatively, the gift can be displayed in the ministry's offices.<sup>63</sup>

Similarly, the code of conduct for MPs has been revised to require them to exercise care in accepting directorships by checking the reputation of the company and ensuring that they can make a "meaningful contribution." MPs are also urged to conduct their business activities properly to avoid adverse publicity which would tarnish their reputation and the PAP's image. Finally, MPs are also required to report their interests in companies and to avoid

61 Quah, "Paying for the 'best and brightest'," pp. 158-159.

62 Lydia Lim, "Rules for ministers updated," *Straits Times* (Singapore), July 6, 2005, p. 1.

63 "Dos and don'ts on accepting gifts," *Straits Times* (Singapore), July 6, 2005, p. H3.

conflicts of interest.<sup>64</sup> Prime Minister Lee explained the rationale for the revisions to both codes of conduct thus:

The integrity and reputation of the PAP MPs and Government is our most precious asset, which has been built up over half a century. If we lose this, we will lose the respect of voters and the confidence of investors, and Singapore will go down.<sup>65</sup>

In sum, the key to institutionalizing good governance in Singapore is for the PAP government or any incumbent government to succeed in persuading talented Singaporeans to join politics and the SCS and to motivate them to behave ethically and rationally for the rational interest. Needless to say, whether the PAP government will continue to succeed in attaining these twin objectives also depends on the presence of these five preconditions: (1) political stability to prevent the exodus of foreign investment and talented citizens to other countries; (2) honest government by continuing the effective anti-corruption strategy; (3) sound macroeconomic policies to promote sustained economic growth; (4) racial harmony to ensure political stability and prevent discrimination toward minority groups; and (5) sharing the benefits of economic growth among all Singaporeans to reduce income-inequality and enhance the government's legitimacy.

---

64 Leslie Koh and Lynn Lee, "Board seats: Code updated for MPs," *Straits Times* (Singapore), July 6, 2005, p. H3.

65 Quoted in *ibid.*, p. H3.