

**SPEECH BY LAW MINISTER K SHANMUGAM AT THE SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS (SIIA) CONFERENCE ON "GOVERNANCE AND ANTI-CORRUPTION" ON 29 SEPTEMBER 2009**

Assoc Prof Simon Tay, Chairman, Singapore Institute of International Affairs,  
Ambassadors and High Commissioners,  
Distinguished Guests,  
Sponsors,  
Ladies and Gentlemen,

Having this conference is to be welcomed. Corruption is one of the key reasons why there has been under-development in many countries, particularly in the newly independent countries in the last 50 years.

2 It is a scourge, a blight which is based on greed and really sucks the blood out of the state. Therefore, every effort, big and small, to talk about it and reaffirm the commitment to eradicate it would be helpful. We are not going to eradicate it today; we are not going to eradicate it tomorrow because it is really based on fundamental human greed. But every effort to make it transparent, to talk about it, to create a value and culture needs to be welcomed and would be key steps.

3 Today, in my speech, I'll share with you our Singaporean experience, how we dealt with it, then we can have some common discussion.

4 When this current Government came to power 50 years ago, we made a firm commitment to eradicate corruption. We have largely succeeded. But it is always a work in progress – because of innate nature and temptation.

5 When we had self-government in 1959, or became independent in 1965, there was nothing innately different in our DNA, or culture or racial make-up that would suggest that we would somehow be corrupt-free or would do well in the indices that show how clean the public service and private sector are in Singapore.

6 The Singapore experience, in my view, has four key facets that led to the current state of affairs. The first is that we have really tough laws to deal with this. The Prevention of Corruption Act (PCA) is drafted very carefully and broadly to focus on both public and private sector corruption. For example, a senior officer in an MNC accepts a bribe and awards a contract to someone else. That is an offence under Singapore law. Both the person who gives the bribe and the person who receives it and anyone else who helps it will all be dealt with.

7 Second, we have the Corrupt Practices Investigation Bureau (CPIB), the agency tasked to deal with corruption. Under both the PCA and the Constitution, the President appoints the Director of the CPIB. That is important because it removes political influence in the appointment of the Director. The President may in his discretion refuse to appoint or revoke the appointment of the Director if he does not agree with the advice of the Cabinet.

8 And, the Director of CPIB, as a matter of executive authority, reports directly to the Prime Minister (PM), not to any other Minister or agency. Under the Constitution, if PM refuses to give consent to the Director of the CPIB to make any inquiries or interferes with the investigation, the Director has the power to continue with the investigation as long as the President agrees with him.

9 Of course, in the end it still requires PM to set the standards but it gives you the indication of how seriously it is taken - how we try to reduce political interference in the process, and make CPIB an organisation that would be vigilant and would prevent most sectors of the political process from interfering with the discharge of their duties. That is the first facet.

10 The second is the culture. Again in 1959, it was very unpromising with a series of scandals. When we took over, we were not yet independent. Civil servants were poorly paid. We were a commercial centre. The environment for corruption was very fertile. So the changes came onboard, not overnight, but through a continuous emphasis on integrity

– both by words and by deed – to build in a convention of integrity. But it can only start, and this is a chicken and egg question, right at the top if you have people who are prepared to emphasise it and impose those standards. If you don't have that, you are not going to create the culture.

11 The way we have done it, over a period of time, is to impose codes of conduct, which are published, for Ministers, for MPs and for civil servants – the standards of behaviour that is expected of anyone having some public authority. Sometimes it gets quixotic. For example, right from the beginning, the Government understood the importance of making clear to the people some symbolic messages. For example, the party's uniform is white to send the message that we represent a different breed from everything that has gone on before and this is our culture – we are clean, as white as our uniform.

12 The third key aspect is enforcement. We can have the best laws, we can talk about it but if we don't enforce, then it's not worth the piece of paper it is written on. The key thing about Singapore, and no one doubts this, is that there will be enforcement. Many countries have tough laws. In fact, my observation from 20 years in private practice is that the more corrupt they are, the thicker their corruption laws.

13 I'll give you an anecdote of a friend who tried to visit a country 20 years ago. The immigration officer tells him that he didn't have a visa. He said he didn't know he needed a visa. The immigration officer looked through a thick book and said: "There are 200 pages here and you'll find that you need a visa." He asks how much he had to pay. The immigration officer, without batting an eyelid, tells him: "If I ask you, then it's illegal, but if you offer me a sum which I find acceptable then it's not illegal."

14 Let me share some examples of actual cases to give you an indication of how this culture was created. Teh Cheang Wan, one of the most powerful and important ministers in the cabinet: There was a report that he took \$1 million in bribes. There was an investigation straightaway. It didn't matter that Mr Teh was a member of the Cabinet and

responsible for much of the success of public housing in Singapore. He was a very influential figure, but the moment there was an allegation, he was investigated by CPIB. He asked to see the PM of the day, Mr Lee Kuan Yew. Mr Lee said: “You are under investigation, I’ll not see you. Let the investigation finish.” Mr Teh realised that that was the end, he took his life.

15 Tan Kia Gan, another Minister for National Development, was charged and convicted because he intervened to help his friends get a contract from Boeing many years ago.

16 In this context, I’ll share two particular examples, one involving a very senior officer with an organisation in Singapore some years ago. He was in charge of construction and developing training centres. The rule within his organisation was to obtain three quotes. This is an officer who is honest, very dynamic. He wants to get things done but has no patience for rules. A training centre needed to be done, but there was no time to get three quotes and go through the bureaucratic process. He had worked very well with a particular contractor who was doing a good job – very fast turn around, very good. He decided: “I would just take this chap, but how do I get around this process?” He arranged for two other quotes which are not really true, and one quote from this particular contractor. He ensured that all the construction was therefore completed on time. During the investigation, it was accepted that he took no money, he had no benefit from the process, and he did it in the best interest of the organisation. And if he had followed the normal processes, the construction and development would not have been completed on time. Yet he was discharged, he was convicted under the PCA. He went to jail and lost his pension – he lost everything.

17 As an individual case, it seems very harsh. But from a country-wide, system-wide, institutional-wide perspective, I think there is something in emphasising the importance of rules. Because corruption is so pervasive, it appeals to each individual directly, it is important that that culture be set. And one of the key reasons why Singapore has managed to create such an environment is precisely because of this – absolute strictness.

It doesn't mean it doesn't exist, I don't think anyone can say that, but what it does mean is that a very, very strict view is taken. Absolutely no one can be above the law.

18 The other way in which we ensure the culture is that any organisation that takes part in a bribing or corruption process would then be banned for a number of years. All its key officers, whether in Singapore or in the parent organisation, wherever they are in the world, will be named and no contract would be given to any company in which they are involved. The financial penalty is significant. The moral penalty that you have been named by the Singapore Government is something that very few offices in the world now would want to be associated with. So they know – let's not do this in Singapore. Our hope, in the context of trying to make sure businesses grow, and that globalisation really succeeds and helps the poor people, is that that culture grows everywhere.

19 The fourth facet that I want to share with you from our own experience, and this is somewhat more controversial, is that we make sure that senior officials – Government officials, Ministers, civil servants – are well paid. They are officially among the highest paid, if not the highest paid in the world. At senior levels, the payment, the salaries are by reference to market. Our judges, for example are definitely the best paid in the world. The rationale is that we want to attract the best and reduce the temptations. If they are paid well, not at market but by reference to market, then there is no excuse for engaging in corrupt behaviour.

20 This point is politically unpopular. In many countries, the system tries to pay the politicians in other ways: for example, allowances. Recently we saw the controversy where UK MPs get allowances under the rubric of “home improvement claims”. This led to a severe public backlash. But if you look at it objectively, UK MPs get paid £65,000 per annum for almost full-time jobs. Not very lavish. If you want a top class professional to become an MP in UK and work almost full time, would you get him or her for £65,000? But politically it is unpopular to increase that amount, which would probably be the right thing to do. But when you have these other allowances, when it leaks, it does not leave a very good taste. For example, in other countries you see holidays paid for by friends. Is

that acceptable? Or is it more straightforward just to pay more? Our approach has been a clean wage system. We just pay what is officially published and nothing more. No allowances, no holiday allowances, no educational allowances for children, nothing. You pay only for yourself. One clean figure that is published which is what you get paid.

21 I'll end my speech with an additional observation. We worry about corruption because the impact it has to prevent proper decision making. Decision making has to be made in the best interests of the community as a whole, if it is the public sector, and in the interest of the organisation if it is the private sector. If special interest groups can pay the decision maker, then decisions would be made to benefit that particular group or the person who made the payment.

22 Let's assume you have powerful lobbies. They can channel monies to law makers, for example, campaign funds of legislators. Can that affect decision making? Lobbies, like everyone else have the freedom to push their viewpoint. But how do you ensure that decision makers take into account the lobby group's views, without being beholden to them, for the millions of dollars that they receive?

23 I'm making no judgments but when you talk about the purity of the decision-making process, is there the possibility that these factors could affect a proper decision making? We don't allow lobbying. We think it would affect decision making.

24 Turning back to the developing world. Looking around us, we see in many countries the evidence of corruption and resultant impact on people: poor infrastructure, no schools, hospitals, power, lack of opportunities and obscene amounts of wealth accumulated by a few. The list is endless.

25 It is all our duty to do what we can to create a better world and reducing corruption will help in that.

26 I welcome this initiative by SIIA, to throw a focus on corruption and get the private sector to commit with the public sector to eradicate corruption.

27 Thank you.

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