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Different Paths to Curbing Corruption: Lessons from Denmark, Finland, Hong Kong, New Zealand and Singapore

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Book Reviews

Different Paths to Curbing Corruption: Lessons from Denmark, Finland, Hong Kong, New Zealand and Singapore

JON S. T. QUAH (Ed.)

Bingley: Emerald, 2013

292 pp., ISBN: 978-1-78190-730-6

Jon Quah is arguably Asia's best known academic specialist on corruption and anti-corruption, and has analysed numerous aspects of both over many years. In his latest book, he and a team of seven others consider what it is about the world's apparently least corrupt countries that explains their low levels of corruption. Following an introductory chapter by Quah himself, Michael Johnston analyses Denmark, Ari Salminen considers Finland, Ian Scott focuses on Hong Kong, Robert Gregory and Daniel Zirker examine New Zealand, and Jon Quah himself analyses Singaporean success. Following these positive case studies is an analysis of an Asian country that has been much less successful than these other countries, India, by Krishna Tummala. In chapter 8, Gerald Caiden seeks to identify from a comparative perspective the factors that account for low levels of corruption in several states; while in the concluding chapter, Jon Quah pulls the various analyses together to provide a most useful comparative overview.

In the opening chapter, Quah sets the scene by providing a valuable overview of the existing literature in the field, justifying the choice of countries in this volume, and then succinctly summarising the following chapters. He ends with the argument that his collection leads to five conclusions—lessons to be learnt. The first will come as no surprise to those already familiar with Professor Quah's work, namely an emphasis on 'sustained political will and good governance'. His second conclusion, on the other hand, is less predictable based on his earlier work—that a single independent ACA (anti-corruption agency) is not necessary, as long as there are other institutions to ensure good governance. The third variable is one to which I shall return below: there should be a culture of equality and moderation. Fourth, state officials should be adequately paid, although Quah makes the valid point that this is not sufficient in itself; linked institutional reforms are also required. Whereas the first four conclusions essentially derive from the five positive cases examined and are lessons for other countries to study, the fifth is one to be drawn by these five states themselves—namely that they should not rest on their laurels, since corruption is always mutating and manifesting itself in new ways, so that they must maintain constant vigilance.

As would be expected of one of the world's most highly regarded experts on corruption, Michael Johnston's analysis of Denmark is lively, in parts very quantitative, and a good read. It refers to factors that might suggest that Denmark is not quite as uncorrupt, or will not stay as clean in the future, as is usually assumed, such as that Greenland is usually excluded from analyses, and that the growing wind-power industry may encourage corruption. All this is thought-provoking and largely persuasive. But one cannot help wondering why someone as well qualified and familiar with measurement techniques as Johnston adopts such a critical approach to perception indices while not recognising the many alternative methods used nowadays in multi-angled (multi-method) assessments of comparative corruption levels. He will certainly be aware of the experiential questions about bribe-paying in Transparency International's *Global Corruption Barometer* (GCB); if he had looked at the most recent (2013) GCB, he would have discovered that Danes were indeed the least likely group from all the countries surveyed to have actually paid a bribe in the previous 12 months. While there are limits to such experiential questions, notably in that they do not typically pick up high-level (elite) corruption, the notion that our measurement tools are as imprecise as Johnston claims cannot go unchallenged.

In his chapter, Ari Salminen cites survey data to show that while economic corruption (e.g. bribery) is not perceived to be a major problem in Finland, many Finns consider social corruption (e.g. nepotism and cronyism) as an issue that needs to be addressed. Salminen advocates three reforms for his country if it is to maintain and even improve its low-corruption image—an enhancement of the role of civil society, a reduction in social corruption, and the introduction of ethical codes for public officials.

The key point in Ian Scott's analysis of Hong Kong—specifically its internationally well-regarded Independent Commission Against Corruption (ICAC)—is that, unlike so many other anti-corruption agencies, ICAC makes concerted efforts to engage with the general public. President Xi Jinping is currently running the most serious anti-corruption campaign Communist China has witnessed, and is unquestionably achieving some success; but if the policy is to maintain momentum and score further successes, Beijing could usefully learn from both the independence of the ICAC and its approach to the general public in what is, after all, technically now part of China.

In chapter 5, Robert Gregory and Daniel Zirker provide what they call a 'non-complacent' view of the corruption situation in New Zealand. Despite its squeaky clean image, New Zealand is, like every country, subject to some corruption. Moreover, its international image is not quite as shiny as many assume; Gregory and Zirker examine the reasons for New Zealand's continued reluctance to ratify UNCAC (the United Nations Convention Against Corruption) and its tardiness at passing its Anti-Money Laundering and Countering Financing of Terrorism Act, which became fully effective as recently as 2013; these are both seen as signs of the New Zealand authorities' complacency. The authors prove themselves to be very skilful not only at digging below the surface, but also at finding surprising facts and quotations; my favourite, since it was so bizarre, was one from a 1930 *New York Times* article that described New Zealand as increasingly 'Fascist' because, inter alia, it kept some control over the number of new

cinemas and coal-mining licences for fear of oversupply. Neo-liberal advocates of the unregulated market could by this logic be described as anarchists.

As would be expected of anyone familiar with Jon Quah's numerous publications on Singapore's exemplary record on reducing corruption and keeping it under control, his chapter provides a thorough analysis of the factors explaining why his country almost always—a rare exception was the 2010–2011 *Global Corruption Barometer*, according to which low-level bribery was more common in Singapore than in South Korea, Hong Kong and Taiwan, for example—emerges from international comparisons as Asia's least corrupt. He does this by first identifying a number of factors in the policy context that are conducive to keeping corruption down to manageable levels, including its small size (in terms both of population and area) and its high standard of living, as revealed in its GDP per capita. The second part of his analysis is more historical. Quah considers the causes of corruption during the periods of British colonial rule and Japanese occupation, and then focuses on what the People's Action Party has done since 1959 to address the corruption legacy. In this second section, there is a particular focus on Singapore's Corrupt Practices Investigation Bureau, which was the world's first dedicated and independent anti-corruption agency, having been established in 1952.

As Krishna Tummala reminds us in his chapter, India is not only the world's largest democracy and Asia's third largest economy, but also a very corrupt country. This is nothing new: Tummala cites Kautilya's (Chanakya's) analysis from some three centuries BCE, and points out that much of the legal action taken nowadays against corruption is based on India's 1860 Penal Code. But the situation is not improving, and Tummala provides convincing explanations of the reasons for this. One of the major factors is the absence of sufficient political will. Despite the rather depressing picture he paints, Tummala finishes on a note of cautious optimism, highlighting six factors that could help to curb corruption in what will probably soon be the world's most populous state.

Gerald Caiden sensibly and justifiably emphasises the importance of welfare democracy in curbing corruption; in general, the countries with the lowest perceived levels of corruption are relatively egalitarian, respect human rights, have good governance, and strictly apply the rule of law. There are also high levels of trust and social capital in most such societies. While Caiden is certainly correct in arguing this, it could take quite some time and effort to bring many countries up to the level on these several variables at which the latter would collectively reduce corruption.

In his concluding chapter, Quah returns to his list of five lessons and expands upon each, based on the material he and his fellow contributors provided in the book. This time, there is a greater emphasis than in the Introduction on the need for a single independent ACA, not multiple agencies. This is sound advice, since it is an institutional change that can be introduced in countries with very different cultures. In many ways, this is the most straightforward institutional change that countries wanting to reduce corruption can take—though this innovation in itself depends on the first lesson (political will and context); this is a position Quah himself adopts at the very end of his collection. The problem here—and this is certainly not Professor

Quah's fault—is that it is unclear just how many political and economic elites around the world are genuine about wanting to curb corruption.

One of the key points to emerge from several of the chapters is that culture is often a crucial factor. Since deeply ingrained cultural traits cannot readily be transferred to other societies, there is a limit to how much highly corrupt countries can learn from states with far lower levels of corruption. This is why Singapore and Hong Kong remain such important cases to study; their success is based far more on political will and effective governance (though Jon Quah will probably disagree with me that British influence on both city-states played *some* positive role on their cultures), which are variables that *can* be observed and emulated. Singapore and Hong Kong both differ from the relatively uncorrupt Nordic countries in having high levels of inequality; in fact, Singapore now appears to have the highest level of inequality, based on the real Gini coefficient (i.e. after taxes and transfers), among the economically developed Organisation for Economic Cooperation and Development countries. While its governance-related approach helps to keep Singapore in the 'top ten' (seventh position in 2014) of the CPI (Corruption Perceptions Index), perhaps it would regain its 2010 ranking as (joint) least corrupt country, according to the CPI, if it were to reduce income inequalities to levels closer to the Nordic ones.

If this book ever runs to a second edition, as I hope it will, Professor Quah should consider adding two or three chapters on other states that have made real progress in reducing corruption based more on institutional (governance) factors that can be studied and at least partly emulated by other states, rather than on cultural factors. One such is Georgia, which has been the outstanding success story among (post-communist) transition states. Unlike the least corrupt of such states, such as Estonia and Slovenia, Georgian success relates very little to culture and far more to political will and capacity. While its success should not be exaggerated—petty corruption has unquestionably been significantly reduced, while elite corruption is still perceived to be a problem—there are aspects of former President Saakashvili's radical and targeted approach that could provide valuable lessons to other states. This is assuming, of course, that political elites genuinely want to address corruption, which is too rarely the case. Two other states that have been relatively successful in curbing corruption are Botswana and Indonesia—though the point about much greater success against low-level corruption than against high-level applies to them too.

No book can be expected to cover every aspect of a topic, especially one as broad and complex as anti-corruption. But Jon Quah's latest contribution to our understanding of the numerous ways in which corruption can be curbed is full of valuable insights and sound advice, based on empirical evidence. It will be indispensable not only to academic students of corruption, but also—perhaps even more so—to anti-corruption practitioners.

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