

The State That is Built Less Corrupt: Weberian State as an Institutional Basis for Corruption Control

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Abstract

Why are some states less corrupt than others? Why are some states able to effectively fight against corruption while others are not? This thesis attempts to answer these questions from regional historical experience in Southeast Asia. Based on the comparative historical analysis on Malaysia and Singapore, this thesis argues that a Weberian bureaucratic state is associated with less corruption. In other words, a state on the basis of objectively defined merit (education level, working experience etc.) rather than ascriptive criteria (ethnicity for example) is characterized by higher autonomous capacity in keeping corruption at bay. To account for the different corruption levels, this thesis formalizes two patterns of developmental trajectories since the post-colonial era: Singapore's "Meritocratization" and Malaysia's "Ethnicization". First, the different elite bargaining patterns at state-formation critical juncture gave rise to state institutions organized around different principles. Then, the merit-based Singaporean state has laid solid foundation for greater autonomous state capacity against corruption, while the perpetuation of ethnic special rights by the Malaysian state not only creates opportunities for rent-seeking and corruption, but also weakens the state capacity in corruption control. In addition, the comparison between Hong Kong and Sri Lanka is employed to test the applicability of the theory.

Résumé

Pourquoi certains états sont moins corrompus que d'autres? Pourquoi certains états sont aptes à combattre la corruption tandis que d'autres ne le sont pas?

Ce mémoire de maîtrise tente de répondre à ces questions d'une expérience historique régionale en Asie du Sud-Est. Basé sur l'analyse historique comparative de la Malaisie et du Singapour, ce mémoire soutient que l'état bureaucratique Wébérien est lié à moins de corruption. En d'autres termes, un état sur la base de mérite objectivement défini (niveau d'éducation, expérience d'emploi, etc.) plutôt que de critères autoproclamés (l'ethnicité par exemple) est caractérisé par une capacité d'autonomie plus élevée à prévenir la corruption.

Afin de tenir compte des différents niveaux de corruption, ce mémoire formalise deux modèles de trajectoires de développement depuis l'époque post-coloniale: la «méritocratisation» au Singapour et l'«éthnicisation» en Malaisie.

Premièrement, les modèles de négociations de différents élites aux moments critiques de formation des états entraîne la création d'institutions autour de principes différents. Ensuite, l'état singapourien basé sur les mérites jette de solides bases pour une plus grande autonomie de l'état dans sa lutte contre la corruption, tandis que la perpétuation de droits ethniques spéciaux par l'état malaisien crée non seulement des opportunités en recherche de rente et en corruption, mais affaiblit également la capacité de contrôle de la corruption par l'état. De plus, la comparaison entre Hongkong et le Sri Lanka est utilisée afin de tester l'applicabilité de la théorie.

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This project grew out of my concern on state-formation, ethnic identity in late-developed countries in East Asia since undergraduate years. It is my pleasure to express my thanks here to many people who have offered me their generous help in the process of completion.

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No less important, I feel grateful to my friends for their encouragement and assistance. Writing a master thesis to demonstrate the historical complexity is challenging, particularly when English is not the mother tongue. I thank my friend Renée Masson for her dedicated efforts in editing my chapters. I has learnt a lot from her constructive suggestions on the sentence structure this summer. Also, Nhu Truong and Nabila Islam have made contributions to the editing. Without their help, this thesis might not be as readable as it is now. In addition, I would like to thank my friends in China, Malaysia and Singapore, who have updated me the regional news and discussed with me about this thesis topic. I give my special thanks to Goh Wee Chong, my undergraduate classmate from Malaysia, for his insights on the corruption.

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“Corruption is, of course, one measure of the absence of effective political institutionalization. Public officials lack autonomy and coherence, and subordinate their institutional roles to exogenous demands”¹.

—Samuel Huntington

¹ Huntington (1968): 59

Chapter 1: The Puzzle, Argument and Methodology

1.1. The Research Puzzle

1.1.1. The General Setting

The year 1965 witnessed a dramatic change—Singapore was expelled from the Federation of Malaysia after two years merger. The British Malaya thus split into two sovereign states. These states are symbiotic, but, at times, are confrontational. They are similar in many ways, but still significantly differ, if not perfectly contrast, in several socio-economic outcomes. This thesis focuses on one of them: corruption. According to the corruption perception index (Transparency International and World Bank Governance Indicator), Singapore consistently ranks as one of the world's least corrupt countries. Malaysia, meanwhile, seems stuck at a half-way point; neither is it hopelessly corrupt nor has it achieved standards comparable to those of its close neighbour despite its anti-corruption efforts in last several decades. What might explain this apparent difference?

Like much research in political science, this project's interest is not limited to the difference between Singapore and Malaysia. Instead, it asks more general questions: why are some states more corrupt than others? And why are some states able to fight against corruption effectively while others are not? Highlighted in development literature, Singapore is often recognized as an example of a “developmental state.” Malaysia, though it might be less typical development state, is a prominent case of state-led development despite its social heterogeneity. By embedding this comparison of Singapore and Malaysia within the “developmental state” and corruption literatures, this project attempts to further the discussion in a generalizable way. What are the

sources/ inhibiting factors for corruption in the late-developed countries? How do they explain the variations of governance outcomes across countries?

1.1.2. The Singapore/ Malaysia Difference in Corruption: A Further Illustration

To conduct an effective comparison, it is important to the difference between the two countries and the significance of this difference. To begin, an illustration on corruption is necessary. Though commonly used in conversation, the news and legal documents, corruption is a somewhat “fuzzy” concept referring to different activities depending on the context. Although scholarly works differently phrase its definition, existing definitions all focus on the public interest. Corruption is thus understood as the distortion or deviation from public good. Transparency International defines corruption as “the abuse of entrusted power for private gain.”² The World Bank develops the definition further, stating that corruption is the “public power is exercised for private gain, including both petty and grand forms of corruption, as well as ‘capture’ of the state by elite and private interests.”³ Within these broad definitions, corruption takes different forms: bribery, extortion, embezzlement and fraud. According to Lambsdorff, bribery is a payment the client makes to a public agent in exchange for an advantage in services or licenses he is not entitled to. Different from the bribery, extortion is extraction of money from the client by an agent in return for such services. Embezzlement refers to the “theft of public resources from the agent.”⁴ In the case of fraud, the emphasis is on the concealment of information “with the help of trickery, swindle, deceit, manipulation or distortion of information,

² Transparency International (2015), available at <https://www.transparency.org/what-is-corruption>, accessed on June 5th, 2015.

³ Worldwide Governance Indicators (2013), available at <http://info.worldbank.org/governance/wgi/index.aspx#doc>, accessed on June 5th, 2015.

⁴ Lambsdorfe (2007): 19.

facts and expertise.” In addition, several terms--rent-seeking, clientelism and patrimonialism--are often treated as near synonyms of corruption. However, it is important to note how these behaviours do not always fit with the standard understanding of corruption. Rent-seeking behaviours may not be growth-retarding, because some rents for learning may stimulate innovation, as Northeast Asian states exemplify in using rent-seeking for industrial upgrading⁵. Clientelism is an asymmetric relationship with credible commitment between patrons and clients. It is not equivalent to corruption but may nourish corruption, so much so that it is considered acceptable to use a corruption index as a proxy for clientelism⁶. Patrimonialism, which will be discussed later in the Weberian typology, cannot be simply equated with corruption, but the theoretical implication is that those states characterized by patrimonialism often suffer from corruption, which is, to some degree, a pre-modern pathology.

Although it is one thing to make distinctions between these concepts, it is another thing to measure corruption and draw cross-country comparisons. Since corrupt transactions can never be exposed while they are underway, the mainstream measurement of corruption depends heavily on perception. Thus, the main critiques on the perception-based corruption indexes question whether it is the prevalence of such opinion and not corruption per se that is being measured, but the prevalence of such opinion. There is concern that corruption indexes inevitably pick up other noises like “the socially encouraged level of cynicism, the degree of public identification with the government, and the perceived injustice of social or economic relations.”⁷ The measurements may also simply reflect a tendency to infer a country’s corruption level from its level of

⁵ Khan and Jomo (2000).

⁶ Hicken (2011).

⁷ Treisman (2007): 215.

underdevelopment (known as the “halo effect”⁸). In the case of the experience-based measurement of corruption, the concern is that measuring “corruption” is heavily based on measuring “bribery”, which is only one representation of corruption. For example, the Global Corruption Barometer measure the recent corruption frequency by asking respondents if they had paid the bribe in the past 12 months⁹.

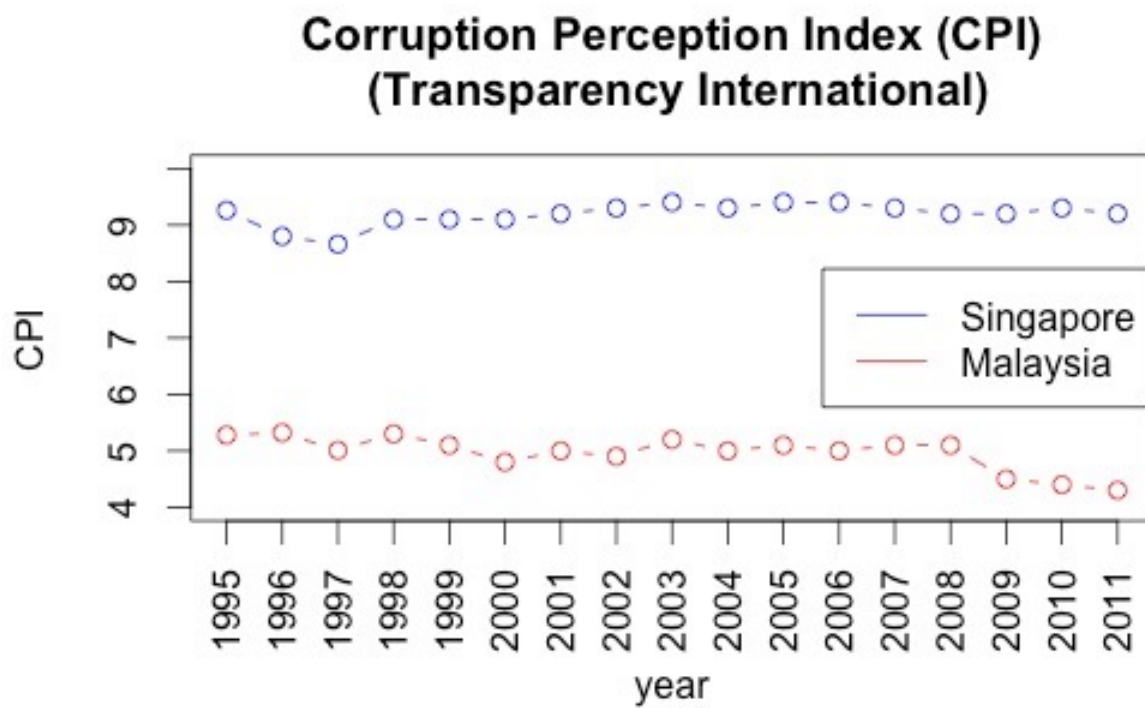


Figure 1.1.1: TI Corruption Indexes on Malaysia and Singapore¹⁰

⁸ Sequeira (2012).

⁹ Global Corruption Barometer Report 2013, available at <http://www.transparency.org/gcb2013/report>, accessed on June 5th, 2015.

¹⁰ Here I use the the index, not the rank of country on the list, as the number of cases increases in both TI and WB datasets. Moreover, the TI changed its measuring scale from 0-10 to 0-100 in 2012, so here only include data up to 2011.

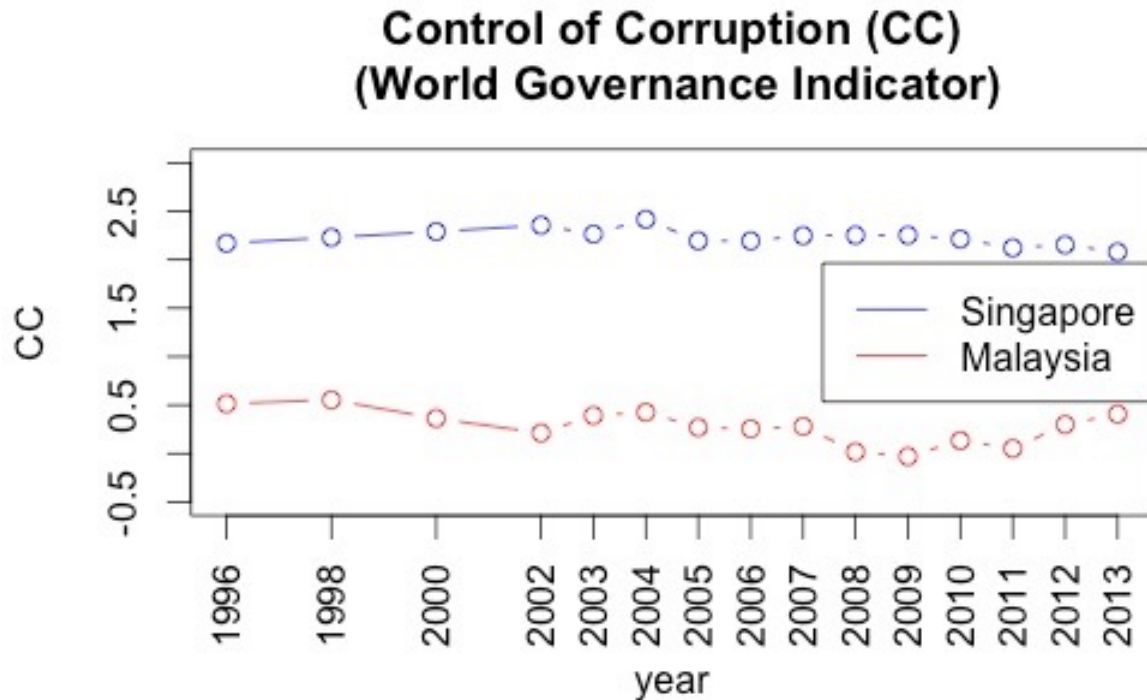


Figure 1.1.2: WGI Corruption Indexes on Malaysia and Singapore

Despite the the inaccuracy of measurements of corruption, the difference between Singapore and Malaysia is significant. As reflected in the Figure 1.1.1 and 1.1.2, two commonly used corruption indexes from Transparency International and the World Bank clearly demonstrate that Singapore is significantly less corrupt than Malaysia (for both measurements, the higher the value, the less corruption), and this difference is undeniable even when taking into account the the uncertainty of corruption measurements. How can we understand and explain this seemingly “structural” difference between these two neighbouring states? To some extent, it indicates the actual

difference in frequency and scale of corruption, but more importantly, it reflects the different levels of effectiveness in corruption control. While corruption transactions are secret, the penalty on corrupt officials are publicized. While corruption might lead to public confidence crisis, how the state legitimizes itself and fights against corruption in the face of crisis will lead to different outcomes. It is the “effectiveness” aspect that this thesis will place emphasis on.

1.2. The Argument and Its Theoretical Anchor

My argument can be succinctly phrased as follows: a coherent and meritocratic bureaucracy is the key institutional mechanism holding corruption activities in check and is the cornerstone of a honest government. Specifically in terms of the two cases, Singapore has successfully established a neutral, high calibrated and well-paid bureaucracy. Malaysia has in general failed to do so, as its public service system is characterized by ethnic division and patronage networks. Delineating the causal mechanisms between the two different types of bureaucratic systems and corruption outcome is one of the key tasks of this project. To demonstrate the persuasiveness of my argument, in this section I present my argument's theoretical background and, in doing so, answer the following key questions. First, why does the bureaucracy matter? Second, what kind of bureaucratic system is associated with a lower level of corruption? Third, under what circumstances is such a bureaucratic system established and, more importantly, firmly consolidated?

1.2.1. Weberian Bureaucracy and the Development

In Weber’s account, there is a clear analytical distinction between a modern bureaucracy and a patrimonial system, the former of which is characterized by impersonality, professionalization and standardization while the latter is characterized by personalism in terms of the resource allocation and personnel control. From his perspective, a highly rationalized civil service

outperforms its patrimonial counterpart and is the functional necessity for a well developed capitalist system due to certain technical advantages: “[p]recision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction and of material and personal costs. These are raised to the optimum point in the strictly bureaucratic administration.”¹¹ Within this system, the career of an official has the following characteristics: 1) social esteem, which is often closely linked to his education and expertise; 2) appointment by a superior authority rather than election by the governed; 3) life tenure in order to avoid arbitrary dismissal; 4) a secure salary that reflects his rank and status; 5) a career path that moves from lower positions to higher ones based on fixed conditions (e.g. seniority, expert examination) within the hierarchical structure of the system¹². In general, although a Weberian bureaucracy is an ideal type and few bureaucracies can fully fulfil such characteristics, the more organizationally coherent a bureaucratic system is, the more capable it is of providing a stable and predictable environment for the development of capitalism.

The Weber’s account on the bureaucratic state is the generalization of the late-developed Germany vis-a-vis Western Europe countries in late 19th, but it is echoed in much of the “developmental state” literature on Asian, African and Latin American states. The “developmental state”, first conceptualized by Johnson, refers to those states that employ conscious and consistent governmental policies to guide economic development¹³. This state-led development model has been successfully transplanted in late-developed countries like South

¹¹ Weber (1946): 214.

¹² Weber (1946): 199-204.

¹³ Johnson (1982, 1999).

Korea and Taiwan¹⁴. As “developmental states” becomes a buzzword, identification of developmental states is always on the development research agenda. In fact, this model has been applied to explain the economic successes/ failures beyond Northeast Asia—in BRIC countries like Brazil and India¹⁵, in Southeast Asian countries like Malaysia, Thailand, Indonesia¹⁶ and recently in African countries like Botswana and Mauritius¹⁷. Though variations exist in these states’ development achievements, with the Northeast Asian Big Three (Japan, South Korea and Taiwan) are most remarkable, it is clear that the “developmental state” has demonstrated its vitality in many late developed countries.

Why are some “developmental states” successful while others are less so? A straightforward answer is that effective state interventions has been employed by some states in the economic development. Then, what kind of state institutions will facilitate effective state intervention? A necessary component is the “developmental structure”, which refers to “a stable, centralized government, a cohesive bureaucracy and effective coercive institutions”¹⁸. This state structure is supposed to model on a Weberian bureaucracy. For example, in Johnson’s description, the

¹⁴ Amsden 1989, Wade 1990, Evans 1995, Woo-Cumings 1999.

¹⁵ Evans (1995); Kohli (2004).

¹⁶ MacIntyre (1994); Doner, Ritchie and Slater (2005); Vu (2007).

¹⁷ Mbabazi and Taylor (2005); Lange (2009).

¹⁸ Vu (2007): 28. Vu (2007) makes an analytical distinction between the “developmental structure” and the “developmental commitment”. The “developmental commitment” refers to the leadership’s commitment and capacity to perform developmental roles, especially in terms of industrial policies and social programs. Doner et al (2005) focuses on the “commitment” part, that is, “when the state become developmental”. They argued that “systemic vulnerability” (geographic threat, resource constraint) will make leaders more capable in delivering side payments. Others like Kohli (2004) focuses on the “structure” part. They argue that institutional legacy since colonial period has a far-reaching impact on development. Vu thinks both of them are necessary for a developmental state. South Korea under Rhee’s regime is not developmental state because it lacked “commitment”. Indonesia under Suharto’s New Order is a failed case—performing developmental roles without a coherent structure was not sustainable and finally led to its collapse. Though the “commitment” is not neglected, this thesis will focus on the “structure” part. Specifically, how the “structure” is built and how it successfully keep corruption at bay.

Japan's MITI (Ministry of International Trade and Industry) is heavily staffed by talented managerial personnel: "official agencies attract the most talented graduates of the best universities in the country and the positions of higher-level officials in these ministries have been and still are the most prestigious in the society."¹⁹ It is the concentration of brainpower in the state's elite bureaucracy that strengthens its capacity in guiding socio-economic development.

If the merit-based institution is the cornerstone of a developmental state, then what conditions will give rise to this state structure? The first one is a relatively high degree of social homogeneity. In Northeast Asian developmental states, the national developmental projects are often wrapped in nationalism, in other words, a sense of "we're all in the same boat."²⁰ The pre-existing social homogeneity greatly facilitates this nationalism—"In Japan, Korea and Taiwan, however, little question exists about the bonds of nationhood, making it much easier for governments and individual businesses to adopt principles of individual, meritocratic mobility."²¹ This kind of social cohesion derived from homogeneity lays a solid foundation for governance. It should be noted that a high level of social homogeneity is not a characteristic shared throughout the developing world—a fact often cast doubt on the transferability of the Northeast Asian developmental model. The second condition is "embedded autonomy". A Weberian bureaucracy is not a developmental state structure in a strict sense, as Evans has clarified: "Weber's state is an essential adjunct to private capital, but not a transformative agent in its own right," as the incentive for capitalist accumulation is assumed as given²². He complements the "autonomous"

¹⁹ Johnson (1982): 20.

²⁰ Pempel (1999): 168.

²¹ Ibid.

²² Evans (1995): 30.

Weberian bureaucracy with social “embeddedness”, which involves “a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and re-negotiation of goals and policies.”²³ Only when both embeddedness and autotomy are satisfied can a state be developmental. Furthermore, the type of social embeddedness is largely associated with the level of effective state intervention. As will be discussed in the following sections, only the embedded autonomous state can become a “transformative agent” vis-a-vis society and avoid being captured by the social interests at the same time.

A final point on bureaucracy should be noted here before ending this section. So far I have equated the use of “bureaucracy” and “state.” The justifications for this usage are both theoretical and empirical. State capacity, especially the infrastructural power in Michael Mann’s sense, is often equivalent to the capacity in terms of policy implementation—“the capacity of the state to actually penetrate civil society, and to implement logistically political decisions throughout the realm.”²⁴ Empirically, both Singapore and Malaysia are identified as “administrative states”—“one in which the state is the dominant institution in society, guiding and controlling more than it responds to societal pressures, and administrative (bureaucratic) institutions, personnel, values and styles are more important than political and participative organs in determining the behaviour of the state and thus the course of public affairs”²⁵. Chan echoes this definition within Singapore’s context as the government since a “technical process” trumps

²³ Ibid.

²⁴ Mann (1988): 5. Another dimension in his theory is the “despotic power”, which means the state autonomy from civil society.

²⁵ Esman (1972): 62.

government as a “political process.”²⁶ Thus, the interchangeable use of “bureaucracy” and “state” reflects the bureaucratization of the states and the preeminence of bureaucratic systems.

1.2.2. Weberian Bureaucracy and the Corruption

Many topics are covered by "developmental state" literature. However, the theoretical focus of this strand of literature is not corruption per se, but development in general. Still, given that the literature suggests a theoretical link between corruption and development, an examination of the institutional foundations of development outcomes is pertinent to an explanation of corresponding corruption levels.

To begin with, literature on the relationship between development and corruption in general tell us a complex story, depending on the different methodological approaches. The statistical results from large-N studies indicate that corruption is negatively correlated with economical development. Specifically, the more economically advanced a country is, the lower (the perceived) corruption will be²⁷. Treisman has commented that economic development is “by far the strongest and most consistent finding of the new empirical work” and that the correlation is strong, both when using perceived corruption (eg. Transparency International and World Bank) and experienced corruption (eg. Global Corruption Barometer)²⁸. But the small-N case studies, particularly those on Northeast Asian and Southeast Asian NICs, demonstrate not only that rampant corruption is compatible with rapid economic growth, but also that they can coexist for rather a long time. Based on the principal-agent model, this strand of literature focuses on the unintended consequence of inter-agency competition. In their edited volume, Khan and Jomo

²⁶ Chan (1975).

²⁷ La Porta et al (1999); Ades and Di Tella (1999); Treisman (2000).

²⁸ Treisman (2007): 223.

confirm Shleifer and Vishny's theory that states with extremely centralized and decentralized institutional arrangements may suffer less damaging effects of corruption than those with an intermediate level of centralization²⁹. This theory would explain why, for example, in Southeast Asia, Malaysia (centralized corruption) and Thailand (decentralized corruption) enjoy more economic growth than the Philippines (intermediate) within the Southeast Asia³⁰. In a similar fashion, Kang draws a distinction between “balance of power” corruption in South Korea (coherent state and small-N business elites) and “band-wagoning” (fractured state and small-N business elites) corruption in the Philippines. Since the former has less transaction costs than the latter, it experiences less corruption³¹.

Following the debate on this topic is beyond the scope of this research. For sake of analytical convenience, the effect of corruption is assumed as negative, distorting the resource distribution and compromising the efficiency of economic activities. Still, the possible “benevolent” result of corruption sheds light on the institutional argument this thesis attempts to advance. If how corruption activities are organized have different developmental outcomes, then the institutional context in which the various corruption activities are conducted should be highlighted. Specifically, what kind of institutional arrangements are more likely to provide *internal checks* on corruption activities? The logic can be illustrated by an analogy of disease: if corruption is a kind of disease, why certain kinds of institutions are more likely to “contract” and “suffer” from it while others are not?

²⁹ Shleifer and Vishny (1993).

³⁰ Khan and Jomo (2000).

³¹ Kang (2002).

My answer is the Weberian bureaucratic state. According to Weber's typology, the patrimonial system, though itself is not equivalent to corruption, has been characterized by corruption from a modern, rational-legal perspective. Evans has been more explicit about the governance quality resulting from different types of institutions in the "Predatory-Developmental" spectrum³². However, there are many characteristics of a Weberian bureaucracy, and which elements affects the level of corruption? The large-N studies formalize them into three categories: recruitment policy, payment and career path. The merit-based recruitment, often based on education qualification and open, competitive exams, tend to be associated with less corruption³³. A competitive salary is also associated with less corruption³⁴. In addition, a bureaucratic system in which bureaucrats are getting stable jobs, internal promotion and different career paths from the politicians is less corrupt³⁵. Despite the studies differ in sample size and measurement of the variables, it has been proved that all the three elements can hold corruption in check. In the case of late developed countries, few have drawn clear-cut boundaries between politicians and bureaucrats' career. Thus, the actual internal checks on corruption is the merit element in Weberian bureaucracy, if the competitive salary is also merit-based.

There is a second aspect in the "disease" analogy: what kind of institutional arrangements can provide more effective *self-corrective solution* in the face of corruption? To be fair, Weberian bureaucracy is not a panacea for all the administrative problems. Moreover, it is often criticized for its bureaucratic rigidity within the context of the New Public Management (NPM) movement.

³² Evans (1989).

³³ Rauch & Evans (2000); Dahlström and Lapuente (2011).

³⁴ Van Rijckeghem and Weder (2001).

³⁵ Dahlström and Lapuente (2011, 2012).

But it should be noted here that those successful reforms in the NPM movement depend heavily on a well-instituted Weberian bureaucracy, as demonstrated in the New Zealand's case: "The following precedents formed the basis for the reforms adopted in New Zealand: a tradition of a politically neutral, relatively competent civil service; little concern about corruption or nepotism; a consistent and well-enforced legal code, including contract law; a well-functioning political market; and a competent, but suppressed, private sector. The right reform mix for any developing country must reflect any major differences in these preconditions; New Zealand's reforms cannot simply be transplanted."³⁶ Simply put, other things being equal, the well institutionalized Weberian states have higher capacity in conducting self-corrective reforms.

This logic is applicable to corruption control. A Weberian bureaucracy is not corruption-free, rather, it is also a victim of corruption sometimes. What distinguishes a Weberian bureaucracy is its remarkable capacity in getting rid of corruption. Its organizational coherence lays the foundation for effective implementation of anti-corruption policies. Often, those countries characterized by several anti-corruption agencies and frequent changes of these agencies do not demonstrate higher capacity in combating corruption. For example, the Philippines "has the most anti-corruption measures in Asia as it has established 7 laws and 13 anti-corruption agencies since the 1950s."³⁷ Ironically, it remains to be one of the most corrupt Asian states. On the contrary, both Singapore's CPIB and Hong Kong's ICAC³⁸ have become brand name of corruption control. These highly institutionalized, powerful agencies conduct corruption

³⁶ Bale and Dale (1998): 116.

³⁷ Quah (2003a): 16.

³⁸ CPIB refers to the Corrupt Practice Investigation Bureau, and ICAC refers to the Independent Commissions Against Corruption.

investigations with well-known professionalism, efficiency and integrity. This is not a coincidence. The “many agencies” phenomenon is a honest reflection of the lack of institutional coherence, which is exactly the opposite to anti-corruption agencies within the Weberian institutional context. In the case of Malaysia, as will be explained in Chapter 3, it has attempted to model on the Singapore’s anti-corruption model, but has not achieved the similar success. This is not just the failure of Malaysian anti-corruption agencies, but the failure of a bureaucratic state distorted by vested interests.

To sum up for this section, the mechanism from a Weberian bureaucracy to corruption outcome is double-fold. On one hand, merit-based Weberian bureaucracy has built-in institutional checks on corruption activities. On the other hand, the Weberian bureaucracy is the firm basis for the effective correction of problems like corruption.

1.2.3. Society and the Corruption

Much has been focused on the institutional capacity of a Weberian state. This section will further the discussion by asking: how is such a cohesive state built? The earlier discussion on “embedded autonomy” has introduced the state-society relation and examined its impact on developmental outcomes. A homogeneous, cohesive society can facilitate the effective negotiation and collaboration in development policy making and relatively equitable wealth distribution, which is shared by the Northeast Asian NICs. Compared with these NICs, cases like India and Brazil are often characterized by tougher social landscape than more homogeneous South Korea, which inevitably poses greater administrative challenges on the existing civil service system. The almost rational-legal Indian Civil Service left by the British was

overwhelmed by the enormous social cleavages along ethnic, religious and regional lines³⁹. Thus, it seems that the degree of social fragmentation wield a high analytical leverage on the governance quality.

Then what is the underlying mechanism from a divided society to a higher corruption level per se? Taking ethnicity as an institution, institutional economists argue that ethnicity can effectively facilitate the intra-group collective action due to the common cultural/ linguistic/ religious ties, but at the same time compromises the inter-group collaboration and hinder the resource flows. This is because one ethnic group is often an organization exclusive to other groups. Assuming that the government is the provider of public goods, ethnic concerns are likely to distort the resource distribution in favour of certain groups. This will often lead to an over-provision of exclusive patronage goods for them but under-provision of non-exclusive public goods for the whole society. As a negative feedback loop, the lower tax compliance give rise to the less common pool resources for distribution⁴⁰. One statistical test on African growth tragedy confirm this: higher polarization of ethnic interest groups is often associated with more rent-seeking behaviours and less consensus on public goods. The contrast is even greater when compared with East Asia countries (homogeneous societies and economic miracles)⁴¹.

The theoretical logic within this strand of literature is sound, these studies, nevertheless, are weak in two aspects. First and foremost, they assume every ethnic group has an *incentive* to perpetuate its group right in the state, but fails to take into account each group's organizational *capacity* in attaining the goal. Thus, a very important intermediate variable—the political party,

³⁹ Evans (1995).

⁴⁰ Alesina and La Ferrara (2000); Kimenyi (1997, 2006).

⁴¹ Easterly and Levine (1997).

is neglected. In fact, not every ethnic group will articulate its interest in the form of an ethnic party, which “overtly represents itself as a champion of the cause of one particular ethnic set of categories to the exclusion of others, and that makes such a representation central to its strategy of mobilizing voters.”⁴² Second, more importantly, whether the state plays a role in accommodating diverse social interests or encouraging communal strife will make a difference in the outcome⁴³. A political system formalized in communal interests will have detrimental impact on the “publicness” of state institutions. “A society with weak political institutions lacks the ability to curb the excesses of personal and parochial desires”, and it “lacks the means to define and to realize its common interests.”⁴⁴ Thus, a competent state transcending the parochial communal interest and symbolizing the overarching public interest is a powerful institutional check against corruption. A merit-based state is such an institution in point. Based on talent, attitude, hard work and moral character⁴⁵, instead of race, gender and other ascriptive features, it provides a form of more “encompassing” legitimacy.

Singapore and Malaysia starkly contrast each other on this point. It is true that both of them were subject to the British colonialism and were prominent case of “plural society” where residents from different ethnolinguistic had nothing in common but material goods. Also, the division of labor was maintained along ethnic lines⁴⁶. However, the post-independence era witnessed two

⁴² Chandra (2004): 3.

⁴³ Melson and Wolpe (1970). Frame in the authors’ phrase, “the stability of culturally plural societies is threatened not by communalism, per se, but by the failure of national institutions explicitly to recognize and accommodate existing communal divisions and interests.”

⁴⁴ Huntington (1968): 24.

⁴⁵ McNamee and Milner (2009). They talked about “meritocracy” in the context of American dream and education system. The meritocratic elements are categorized into these four categories in Chapter 2.

⁴⁶ Furnivall (1948): 303-312.

different patterns of institutional evolution. While a multiracial meritocracy was established in Singapore, Malaysia's state institutions are characterized by entrenched ethnic privilege. This thesis will focus on their different historical trajectories. Although meritocracy is often criticized as elite ideological dominance vis-a-vis the political opponents⁴⁷ and contribute the rising unequal distribution of wealth⁴⁸; still, the meritocratic, ethnically neutral state in Singapore help defuse the ethnic tensions and keep its distance from state-initiated affirmative action⁴⁹. Meritocracy reinforces the multi-racial harmony and prevent the state from being captured by ethnic interest groups.

So far, I have analyzed the relations among the Weberian state, its social base and corruption. A short summary is necessary to outline the core arguments and the possible theoretical contributions.

1. A Weberian state staffed by talented managerial personnel is the firm institutional basis for successful state-led development.
2. In a similar fashion, this Weberian state demonstrate great capacity in corruption control, both in terms of corruption prevention and elimination.
3. From the perspective of state-society relation, a homogeneous society is more likely to give rise to a Weberian state. But more importantly, a highly institutionalized, merit-based state can build a cohesive society by accommodating diverse social interests and safeguard the public interests.

⁴⁷ Rodan (1996).

⁴⁸ Tan (2008).

⁴⁹ Moore (2000).

Two theoretical contributions of this project are listed as follow. First, the “developmental state” literature focuses on the *instrumental* side of “social embeddedness”, as the social links are informal institutions facilitating the function of formal political institutions, but it pays less attention to the *normative* side of such embeddedness. Malaysia is thus a case for reflection: an effective developmental state with a lot of corruption. The preferential developmental policies create enormous opportunities for corruption, perpetuate ethnic privilege and sustain the social division. Second, literature on the relation between corruption and ethnicity might hold true to some extent, but falls short in recognizing the possibility that state institutions can enhance the consensus on the provision of public goods rather than the exclusive patronage goods, as the case of Singapore has indicated.

1.3. Research Design

This thesis will approach the Singapore-Malaysia difference in corruption through systematic and contextualized historical comparison. This section will address two methodological issues: case selection (or controlled comparison), and the “critical juncture”.

In terms of case selection, Singapore and Malaysia bear similarities which maximize the control of alternative explanations. First, they share similar broader geopolitical background and British institutional legacy. Second, both of them are characterized by long-standing dominant party-state system⁵⁰. The UMNO-led coalition government in Malaysia and PAP government in Singapore have exercised monopolistic power without being elected out of office since their respective independence/ autonomy, which holds political factors like election—often an institutional check on corruption in control and justifies the analytical focus on administrative side of state. Third, both are typical plural societies with three main ethnic groups: Malay,

⁵⁰ Case (1996); Slater (2010); Slater and Fenner (2011).

Chinese and Indian, which rules out potential culturalist arguments that some cultures breed higher level of corruption than others. Fourth, as mentioned earlier, Malaysian anti-corruption institutions are modelled on Singapore, but function less effective than its counterpart, as demonstrated in the incapacity to deal with those “big fishes” and some high-profile cases (like Anwar Ibrahim) are politically driven⁵¹. Other differences (the size of state, the level of economic development etc) will be discussed in the alternative hypotheses section.

Once history is introduced to construct a dynamic, mechanism-based explanation for the outcome, the “why” question cannot be convincingly addressed without considering “when”. Specifically, since the Weberian bureaucratic state is identified as the crucial factor for a lower corruption level, “when” the institutional building in Singapore and Malaysia began to diverge significantly should be highlighted as the “critical juncture”. My approach is to focus on the time period from 1950s to 1960s, when both of them became independent countries. The rationales can be illustrated as follow. First, compared with European state-formation process characterized with hundreds of years’ wars, the state-formation process in former colonies after World War II was more like a “Big Bang” condensed in a very short time period⁵². Often, this time period witnessed drastic nationalization of the former colonial bureaucracy. Though in general the institutional legacy was well inherited, the “rupture” in the short term is obvious: it would take some time to foster a new generation of competent indigenous officers to replace their British expatriates. Second, despite the fact that both Singapore and Malaysia inherited well-developed British colonial bureaucracy and Singapore was under a more direct colonial rule than Malaysia,

⁵¹ Quah (2003b): 192.

⁵² Vu (2007): 29-31.

it is unnecessary to trace that far back into history. No matter how well-developed the colonial bureaucracy was in British Malaya, the administration itself remained a relatively laissez-faire position in colonies' economic development. In addition, the state machine was not as functionally specialized as that in post-colonial era when the state was positively engaged in development programs. Furthermore, following Thelen's (2003) caveat, what matters more is not the critical juncture per se, but the "mechanism of reproduction". As will be demonstrated in this thesis, without a conscious effort in building a capable bureaucratic system, corruption might not be held in control in Singapore. Thus, truncating the history at state-formation period not only serve analytical convenience but also make sense theoretically.

1.4. Alternative Explanations

1.4.1. Economic Development

As mentioned section 1.2.2, the large-N statistical results indicate that the more advanced economies are associated with less corruption. Since independence, Singapore has sustained remarkable economic growth for several decades. By 1994, its per capita GDP (around USD 20,000) exceeded that of the UK, its former colonial master⁵³ and successfully leaped into the first world. In comparison, Malaysia is still a part of the developing world. This seems to perfectly correspond to the comparison in Corruption Indexes introduced at the beginning of this chapter, with Singapore is squeakily clean while Malaysia keeps at a medium level. However, explaining corruption from economic development suffers several weaknesses. First, without specifying a time period, it is difficult to judge whether the lower level of corruption give rise to a high economic growth, or there are more resources (well-educated citizens, public awareness) to combat corruption when economic development has reached a certain level. Second, from an

⁵³ Wirtz and Chung (2001).

institutional perspective, it is possible that the variations in economic development and corruption result from different institutional settings. Given Singapore and Malaysia had suffered from domestic turmoils since the end of WWII like ethnic riots, strikes and communist rebellions, the reason why Singapore achieved better governance can be soundly explained by its more cohesive state structure, which emerged from conscious restructuring in the face of internal and external threats. Third, economic development serves more properly as a mechanism of reproduction, as will see in the Singapore's case, the economic prosperity guarantees the financial support of a high calibrated civil service, which further consolidate the achievement in corruption control.

1.4.2. Institutional Legacy of Colonialism

For sake of clarity, I will avoid the common use of “colonial legacy” as a well identified causal factor. Colonial legacy itself is a package of different factors that both have positive or negative impact on the long-term development. Focusing on the political institutions, it is true that certain types of colonialism (like direct settlements) left behind more effective institutions and were associated with more impressive developmental outcome, as analyzed both by qualitative and quantitative studies⁵⁴. However, in terms of the two chosen cases, the British colonists also created fragmented societies by importing Chinese and Indian labor for tin-mining and plantation and practising divide-and-rule, which negatively affect the development in long term. Thus it is necessary to unpack the general “colonial legacies” and to specify how the different patterns of state-society interactions at the state-formation “critical juncture” give rise to different governance outcomes.

⁵⁴ Kohli (2004); Acemoglu et al (2000); Lange and Mahoney (2006); Lange (2009).

A possible challenge from the colonial institutional perspective is Singapore's crown colony status compared with Malaysia's colonialism mixed with direct and indirect rule, which, to some degree, explained why Singapore has done better. Admittedly, Singapore was subject to more direct colonial rule with denser concentration of courts and police bureaus⁵⁵. However, the institutional continuity cannot be taken for granted. For one thing, as will be demonstrated in the case study, the late British colonial authority in Singapore was by no means a clean government like it is today. Efforts made by the colonial authority to eradicate such "disease" was in general a failure. In addition, institutional legacy will mean less if there is no "reproduction mechanism". For example, Sri Lanka (or Ceylon) used to be part of British crown colony, however, the post colonial era witnessed the reinforcement of Sinhalese dominance and Tamil marginalization in the state institutions and rampant corruption.

Based on the ambiguous effect of British colonial rule, I thus treat a more direct rule of British colonial administration in Singapore before independence as "critical antecedent", which precedes "a critical juncture that combine with causal forces during a critical juncture to produce long-term divergence in outcomes" (Slater and Simmons, 2010: 889-890) and recognize its possible impact on the institutional changes in new-born sovereign states but not directly cause the variations in corruption outcomes.

1.4.3. Size of the State

This seems to be a factor that might cast doubt on the comparability of the two cases. Often, the smallness of Singapore is cited to explain her exceptionalism in many aspects. For example, the small size aids centralized decision-making and authoritarianism might be much easier to

⁵⁵ Lange (2009) uses 1) the percentage of customary court cases of total and 2) the number of police officers per 1000 people as the indicators for legal-administrative rule in British colonial rule. See Table 3.1. on page 48.

maintain. The talent pool is limited given a small population and should be made full use of⁵⁶. In this case, it seems justifiable to argue that the small size makes the monitoring on corruption more effectively.

It is true that certain geographical factors conditions a country's developmental trajectory, but it is difficult to assert that they are deterministic. In terms of corruption, indeed, the small land area facilitates the central government's monitoring; still, it should be noted that an effective control of corruption can only derive from a set of effective state institutions. Moreover, it is common that countries with continental size like Canada and Australia are significantly less corrupt than small countries like Fiji and Equatorial Guinea.

1.4.4. Leadership Effect

It is true that the history of a country can be recapitulated around several elite figures. This is particularly pertinent to non-democratic countries where the personal influence of certain political leaders might be more salient than their democratic counterparts. Lee Kuan Yew, the founding father of Singapore, is famous for being a staunch leader against corruption, as can be seen in his interviews and biographies. On the other hand, Mahathir Mohamad, the former long-standing prime minister (1981-2003) of Malaysia, is renowned for his personalistic style in fostering cronies and suppressing opponents. Malaysia, though known for an institutionalized authoritarian regime for several decades, witnessed an increasing level of personalization, which peaked in the storm of Asian Financial Crisis when he employed institutional weapons to attack Anwar Ibrahim⁵⁷.

⁵⁶ Quah (1996).

⁵⁷ Slater (2003).

Still, the effect of individual leadership cannot be overestimated. First, both Singapore and Malaysia are not personalistic dictatorships without binding institutions, rather, they are the most durable party-based authoritarian regimes in Southeast Asia⁵⁸. Also, the success of an anti-corruption movement, at elite level, depends on their effective collective action. Second, instead of simply attributing the difference corruption levels to individual leadership styles, it is more sensible to think about why there is a “Lee Kuan Yew” in Singapore but a “Mahathir” in Malaysia. In other words, issues that a leader has advocated reflect the general political trend. Mahathir himself is a case in point. As the author of *The Malay Dilemma* and a Malay Ultra, he used to be expelled from the UMNO by the moderate Tunku Abdul Rahman in 1960s. His coming into power as a long-standing prime minister later corresponded to the rise of Malay economic nationalism in the context of New Economic Policy. Similarly, Lee’s anti-corruption policy cannot be understood without taking into account the broader Asian nationalist and communist movements.

1.5. The Causal Mechanism and The Thesis’s Structure

A merit-based Weberian bureaucratic state is the firm institutional basis for good governance. This central theme has been introduced from a theoretical perspective in this chapter. In the following chapters, case studies and historical details will flesh out the causal mechanism outlined in Figure 1.5.1.. Chapter 2 and Chapter 3 will focus on Singapore and Malaysia respectively. Specifically, why a multiracial meritocracy emerged in Singapore but not in Malaysia and how this difference lead to different institutional capacity and corruption levels.

⁵⁸ Geddes(2005); Wright (2008). The most commonly used authoritarian regime typology is four-category: party-based, personalist, monarchy and military regimes. According to Wright (2008) the Middle East Monarchies are characterized by “non-binding” institutions as the oil revenue is generally a “windfall” does not involve much well-organized labor. Dictators in these regimes have less institutional disciplines than their party-based counterparts.

The final chapter will extend the argument with two additional cases: Hong Kong and Sri Lanka, and conclude the thesis with some thoughts on corruption and state capacity.

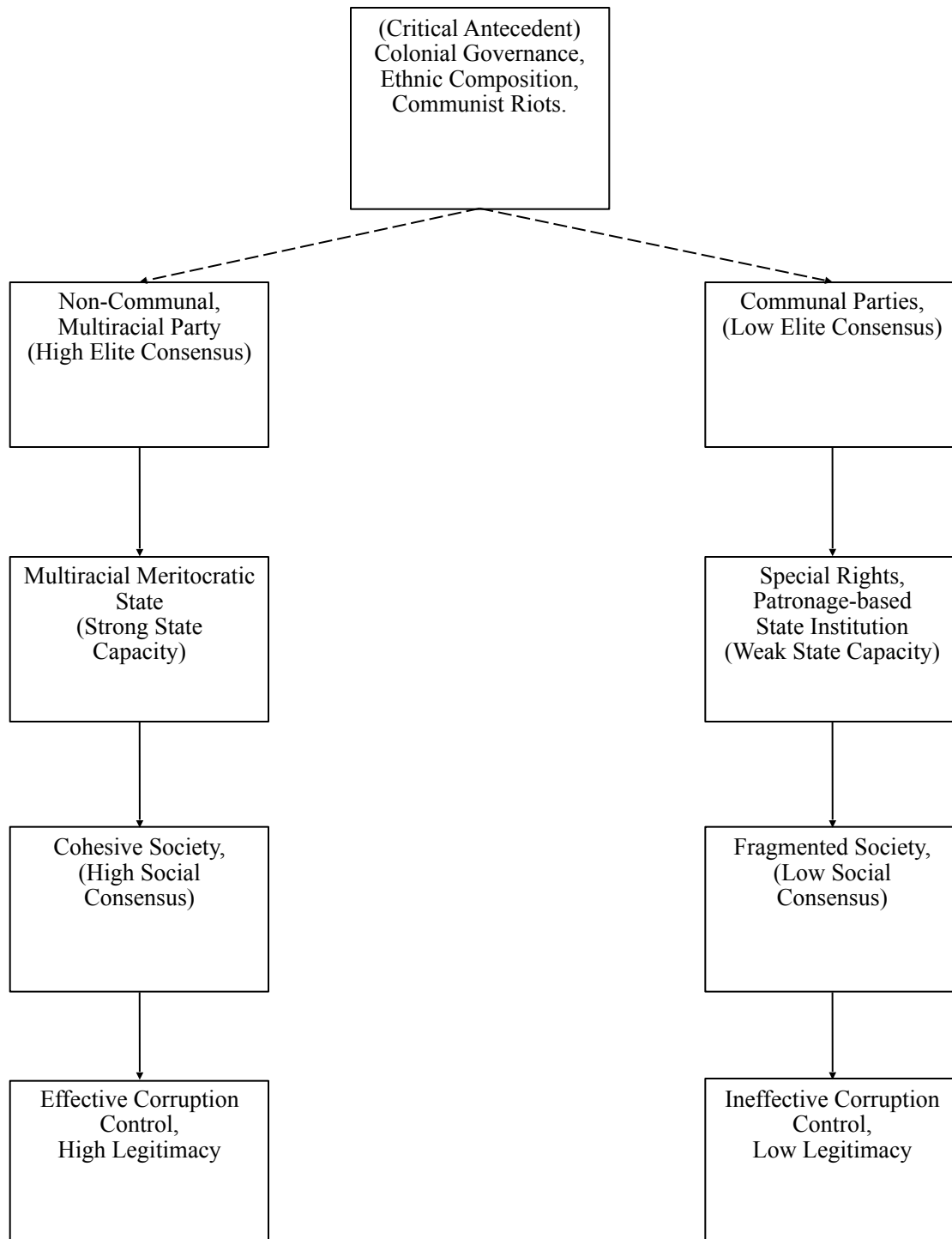


Figure 1.5.1. Mechanisms on Singapore's "Meritocratization" and Malaysia's "Ethnicization"

Chapter 2 Singapore: The Merit of a Multiracial Meritocracy

*“I make no apologies for collecting the most talented team I could find. Without them, none of you would be enjoying life today in Singapore...I say this without any compunction.”*⁵⁹

—Lee Kuan Yew

Although highlighted as a model of clean government today, Singapore in the immediate post-war era resembled little to what it is like now. As an entrepôt between India and China, it used to be a place of crime and rampant corruption. However, in the following several decades, particularly in the 1950s and 1960s, Singapore witnessed transformative change in governance. What is interesting in the Singapore’s story about corruption can be briefly outlined here. First, it is one of the few countries which has successfully eliminated corruption and has received world-wide recognition. Second, different from economic development trajectories in many late-developed countries where periods with most rapid economic growth were often characterized with lots of corruption, Singapore’s success demonstrates synchronous economic development and a clean government. Third, perhaps most importantly, not only has the zero tolerance towards corruption been institutionalized in the formal political institutions, but also been cultivated as a kind of national consensus. Central to these miracles, as will be demonstrated in this chapter, is a highly efficient, meritocratic bureaucratic state that emerged from cohesive multiracial party organization.

2.1. The Pan-Malayan Context

A brief introduction on the Singapore-Malaya colonial history is necessary. In 1819, Sir Stamford Raffles obtained Singapore, the southern tip of Malaya peninsular and established it as a British settlement in Southeast Asia. The later history in 19th century (and early 20th)

⁵⁹ Lee, Kuan Yew “Ministerial Salary”, Nov 1st, 1994. Available at <http://www.straitstimes.com/singapore/in-his-own-words-higher-pay-will-attract-most-talented-team-so-country-can-prosper>, accessed on July 11th, 2015.

witnessed an expansion of British influence in this peninsular: the inclusion of Malacca as a settlement after the Anglo-Dutch Treaty in 1824, the transfer of Strait Settlements to “Crown Colonies” in 1867, the establishment of the Federated Malay States (FMS) in 1896, and the Unfederated Malay States (UMS) after the Siamese Treaty in 1909. Before the WWII, geographically, there was an observable degradation of British influence from the seashore to the hinterland, with Singapore (along with Penang and Malacca) remained the centre. Thus, the Pan-Malayan area was ruled though a mixture of direct and indirect rule.

Underlying the colonial governments of Singapore and Malaya were the “plural societies” as mentioned in the first chapter. The common reference to the societies are the Malay-Chinese-Indian trichotomy. Their labor division followed the ethnic line, with the urban Chinese dominated commercial business while rural Malays dominated agriculture. Gradually, the inter-ethnic difference gave rise to the economic disparity between generally richer Chinese and economically disadvantaged Malay in the context of laissez-faire colonial economy and urbanization. However, such general stereotype serves analytical convenience but covers significant intra-group cleavages, as each ethnic group was also characterized with economic disparity and linguistic differences. For example, the ethnic Chinese in Singapore fell into English-speaking and Chinese-speaking groups, with the former enjoyed higher socio-economic status while the latter was further divided by different dialects. During most of the colonial period, despite the observable inter-group inequality, various ethnic groups in British Malaya coexisted in a relatively apolitical way under the British laissez-faire colonial authority.

World War II and the Japanese Occupation dramatically politicized the Pan-Malayan plural society. The return of British expatriates to Malaya and Singapore also reinforced communal

emotions. The 1946 Malayan Union plan proposed the grant of equal citizenship of Chinese and Malay, which was viewed by the Malays as a threat for their status and triggered the mobilization of Malay (led by the United National Malay Organization, UMNO) to fight for the withdrawal of the British's plan. The British finally made a compromise in the face of growing communist riots and the need for collaboration from local Malay elites to maintain order. This is the general historical setting on the Malayan peninsular. With regard to Singapore, this plan created formal political separation between Malaya and Singapore. The formal written explanation for this arrangement was that it was because Singapore's "economic and social interest distinct from those of the mainland." The real rationale was the Malay's possible resistance towards the merge of a Chinese-majority state, which might threaten the Malay dominance in the newly introduced electoral system⁶⁰. The following communist riots throughout British Malaya increasingly sharpened the existing ethnic cleavages: the communist rebellions led by Malayan Communist Party (MCP), which was dominated by ethnic Chinese turned its gun towards the colonial regime where ethnic Malays served as agents; as a result, ethnic Malays were often the victims of massacres. Communist rebellions were thus intertwined with communal antagonism.

2.2. Singapore in the Colonial Period: the Critical Antecedents

Three crucial aspects in the late colonial Singapore merited attention, namely, the rampant corruption, the nascent party politics and the communist turbulence. They jointly conditioned the following developmental trajectory. To begin with, the first challenge to the post-war colonial administration was the corruption which eroded the administration's institutional capacity. Although the British Military Administration (BMA) was established in 1946 to maintain order

⁶⁰ Malayan Union and Singapore, Statement of Policy on Future Constitution, Cmd. 6724 (London: HMSO, 1946), para. 5.

and prepare for civilian rule, “the low salaries of the civil servants and the high cost of living during the post-war period aggravated the problem of corruption to such an extent that the BMA was popularly referred to as the ‘Black Market Administration’”⁶¹ in Singapore. Studies show that the corruption had become a way of life for colonial civil servants during that time. It was particularly rampant among the Singapore police. Foreigners’ entries were delayed at the custom due to extortion. Gambling, smuggling and prostitution were under the protection rackets of the police⁶². In the 1950 annual report, the Commissioner of Police, J.P. Pennefather-Evans described that “graft was rife” in many government departments⁶³.

The police corruption culminated in a political scandal in 1951. In October 1951, a large shipment loaded with \$500,000 opium was hijacked by a group of thieves at the port town of Punggol in the northeast Singapore. This huge economic loss caused the British to investigate into the case. Although there was an Anti-corruption Branch (ACB) under the Criminal Investigation Department of the Singapore police, a special team was formed and the investigation was led by a senior Malayan Civil Service officer. This was because several senior police officers were suspected to be involved in this case and the investigation confirmed the widespread corruption within the police. However, due to insufficient evidence, not all the involved police officers were convicted and only one assistant superintendent of the police was dismissed⁶⁴. The greatest irony in this case was that the so-called anti-corruption agency was located within the most corrupt department of government and could not exercise effective

⁶¹ Quah (1996): 63.

⁶² Quah (1979).

⁶³ Quah (2003): 109-110.

⁶⁴ Mohan (1987): 584.

corruption prevention. Learning from the lesson, the British thus established Corruption Practices Investigation Bureau (CPIB) in 1952, increasing its independent investigation power. Still, the institutional reform had limited impact on actual corruption control. By the time when Singapore was granted self-rule in 1959, all sectors of public service were not immune to corruption. “Syndicated corruption was especially common among law enforcement official; payment for their services was a ‘must’ and greasing their palms was the norm”⁶⁵. Several factors had contributed to this phenomenon. First, the legal regulations against corruption were weak. The CPIB officers had little power against offenders. Second, though the CPIB was instituted independently from the police, there was a lack of real independence and effective organization in terms of personnel. “CPIB officers were drawn from the Singapore police force on short secondment. Therefore, they were not psychologically prepared to fully commit themselves to combating corruption, especially when it involved their fellow police officers”⁶⁶; also, the short secondments of such officers could not provide a time guarantee for investigation, “before investigation could be completed, most officers were already due for another posting”⁶⁷.

The second aspect was the emergence of party politics, which set the start of local elite bargaining in Singapore. Economic development and urbanization gradually gave rise to a demographic shift from Malay-majority to a Chinese-majority society in Singapore. As indicated in the Table 2.2.1., close to World War II, the Chinese made up three quarters of the whole population. Pressured by the growing Chinese immigrant population and their superior socio-economic status, the Malays felt a necessity to protect their group rights. Thus, as early as in

⁶⁵ Tan, A. L., ‘The experience of Singapore in Combating Corruption’, in Staphenurst and Kpundeh (1999): 40.

⁶⁶ Ibid. p.40

⁶⁷ Ibid. p.40

1920s, *Kesatuan Melayu Singapura* (KMS), a Singapore-based Malay party, was formed and requested special assistance from the British authority for Malays, especially on education. The 1946 Malayan Union plan led to greater anxiety among Singapore Malays, as the separation of Singapore from Malaya made them the absolute minority on the island. Led by Malay leftist parties like Malay Nationalist Party (MNP) and its youth wing *Angkatan Pemuda Insaf* (API), Singapore Malays worked with the peninsular multiracial leftist coalitions⁶⁸ to fight for a unified Malaya including Singapore. However, the attempt ended up in failure. Malay leftist parties like MNP and API were banned and the separation thus became reality in 1948. The KMS and Singapore UMNO became the only parties for Malay interests. Since then, the Malays anxiety never ceased to exist. The Maria Hartogh ethnic riot in 1950 was the first outbreak of their anger toward the British authority's incapacity to protect their rights⁶⁹.

⁶⁸ The AMCJA-PUTERA coalition was a multiracial leftist coalition formed on the Malaya peninsular in the agitation of Malaya Union. But as the way they made their requests was more radical, the British chose to collaborate with more moderate UMNO and later the Chinese right wing MCA. For more discussion, see chapter 3.

⁶⁹ Ismail (1974): 12-19. Maria Hartogh was a Dutch girl adopted by a Muslim Malay family before WWII. In 1950, the Singapore court decided the girl to be returned to her biological parents. The anger came from a circulated photo showing that this Muslim girl kneeled before a Virgin Mary statue. This ignited widespread Malay criticism against European Christians and the suspicion that the British authority would protect their rights.

Year	Chinese	Malays	Indians/ Pakistanis	Others
1824	31.0	60.2	7.1	1.7
1830	39.4	45.3	11.5	3.2
1836	45.9	41.7	9.9	2.6
1840	50.0	37.3	9.5	3.1
1849	52.9	32.2	11.9	3.0
1860	61.2	19.8	15.9	3.1
1871	56.8	27.1	11.9	4.0
1881	63.0	24.0	8.8	4.3
1891	67.1	19.7	8.8	4.3
1901	72.1	15.8	7.8	4.3
1911	72.4	13.8	9.2	4.7
1921	75.3	12.8	7.7	4.2
1931	75.1	11.7	9.1	4.2
1947	77.8	12.1	7.4	2.8
1957	75.4	13.6	8.6	2.4

Table 2.2.1. Distribution of Population by Race in Singapore⁷⁰.

In the 1955 election, the first general election in Singapore, KMS and Singapore UMNO formed the Singapore Alliance (SA) with the Malayan (Singapore) Chinese Association to contest in the election. This coalition proved to be less fortunate in Singapore than they had been on the peninsular, winning only three seats in the Malay-dominant constituencies. More surprisingly, the Progressive Party (PP), representing the English-educated professionals, and Democratic Party (DP), standing for the rich Chinese merchants, though favoured by the British, failed to capture enough seats. The PP got only 4 out of the 22 seats that they contested for, while the DP got 2 out of the 20 seats they contested for. On the contrary, the Labour Front, a moderate left

⁷⁰ Ismail (1974): 14. The table is adapted from the original one, with only percentage listed.

party led by David Marshall, won the most seats (10 out of the 17 seats) among all the parties, though it had not achieved the 13-seat majority in the Legislative Assembly. As a result, the Labour Front formed the coalition government with the SA⁷¹, partly for the sake of its own position and partly for the Malay representation. The first multiracial coalition government was thus established between a moderate leftist party and two Malay communal parties.

The third aspect, closely related to the second one, was the communist riot. The communist rebellion escalated into civil war (“Emergency”) in Malaya in 1948. Although Singapore remained under the British control, its great portion of Chinese population made it more “porous” for the infiltration of Chinese-dominant communist forces. The Labour Front government emerged from the 1955 election could be attributed to the broader leftist drift in Singapore politics.

This leftist trend had two far-reaching impacts in the following political trajectory. First, the Singaporean society was highly mobilized. Charismatic communist leaders like Lim Chin Siong and Fong Swee Suan had won enormous mass support. As Lee Kuan Yew recalled, they “dressed simply, ate at hawker stalls, and took very little salary for themselves since whatever was won from the employers was for the workers”; as a result, “a competitive display of selflessness swept a whole generation”⁷². Heavily influenced by lofty communist ideal, the general public became less tolerant of the corrupt government and easier to be mobilized against it. Second, the highly mobilized Singapore society required an anti-communist strategy more than blatant coercion. This was particularly important after 1955 when the newly elected government was led

⁷¹ “The 1955 Legislative Assembly General Election”, available at http://eresources.nlb.gov.sg/infopedia/articles/SIP_2014-07-07_134339.html, accessed on July 20th.

⁷² Lee (1998): 254.

by the moderate left Labour Front, as the Chinese-majority population was the source for both their mass support and communist rebellions. Both of the two leaders in the Labour Front government: David Marshall (1955-1956) and Lim Yew Hock (1956-1959) failed to handle the domestic leftist riots effectively and properly. Marshall was more lenient towards the leftist movements and he himself stood as a left-leaning leader demanding complete self-rule from the British. But his successor, Lim, was much tougher against the communist mobilization. His ruthless crackdown on workers' strikes and students' sit-ins peaked in October 1956 when he used force against them, causing 13 death, 123 injuries and more than 1000 arrested. This directly led to the sharp decline in the popular support for the Labour Front government, which was portrayed as the puppet of colonial imperialists⁷³.

2.3. Anti-corruption as the Elite Consensus: The 1959 General Election

It was within this socio-political context that the rise of People's Action Party (PAP) and the building of elite consensus across communal and class lines should be understood. The PAP sought to be a mass-based party from the very beginning. In a fragmented society like Singapore, it was challenging for a political party to balance one section's interest to another. The English-educated moderate group, led by Lee Kuan Yew and Toh Chin Chye, attempted to attract the Chinese-educated majority with special emphasis on the trade unions. At the same time, the pro-Communists sought cover for their activities in face of the governmental repression. The two collaborated temporarily in the name of anti-colonialism. With pro-Communist joining in, Lee was glad that "we had the English-educated, the Malay blue- and white-collar workers, and we now had the Chinese clan associations, trade guilds, and blue-collar workers as well"⁷⁴.

⁷³ Mauzy and Milne (2002): 15.

⁷⁴ Lee (1998): 179.

However, given the pro-Communists' popularity, they won more 6 out of 12 seats and was likely to control the PAP's Executive Committee in the August 1957 intra-party election through a de facto coup against those moderates. Unexpectedly, Lim's tough repression on communist movement in that month helped the PAP moderates in an unintended way: by arresting 35 pro-Communists, among which five were members of the PAP Executive Committee, it provided the PAP moderates a chance to restructure party institutions to ensure their firm control over the party⁷⁵.

Since obtaining independence through merger into Malaya had been set as on the political agenda by many Singaporean moderate-leftist parties, the PAP also took pains to accommodate diverse communal interests (particularly Malays) to demonstrate its ambition as a multiracial mass-based party. In December 1957, the PAP worked closely with Singapore UMNO in the City Council election. Although the PAP won the most seats, the party Chairman Toh Chin Chye proposed to join with Singapore UMNO in the Council in consideration of an overall majority and multiracial representation, like what Labour Front had done in the 1955 general election. However, this proposal was rejected by the Singapore UMNO, which took the guidance of its headquarter in Kuala Lumpur. This decision split the Singapore UMNO, leading to the defection of its leftist wing like Roslan Hassan, H. Ya'acob Mohd., H. Ibrahim Othman and Buang Omar Junid. Together, they left the UMNO and joined the PAP, despite the fact that PAP leaders like Lee Kuan Yew had anticipated a cooperative model with Singapore UMNO like the MCA-UMNO on the peninsular to speed the merger⁷⁶. Thus, compared with the Alliance framework

⁷⁵ Mauzy and Milne (2002): 15-16.

⁷⁶ Ismail (1974): 23-25. MCA refers to Malaysian Chinese Association.

on Malaya peninsular, a genuine multiracial but more compact elite collaboration model emerged in Singapore.

Given the rampant corruption and the declining legitimacy of Labour Front government, the multiracial social democratic PAP, led by Lee Kuan Yew, decided to play the corruption card against their opponent, Singapore People's Alliance (SPA) led by Lim Yew Hock, in the 1959 general election campaign. The PAP thus first launched the campaign against the SPA by disclosing that they received political funding from the Americans in a speech by Toh Chin Chye. Then, in response to the SPA's accusation, Lee Kuan Yew disclosed that Chew Swee Kee, the Minister of Education, who had taken the bribery in a motion. In the following debate, Lee further pointed out Chew received \$300,000 for the Labor Front and for the City Council Election in 1957 and \$500,000 for certain political purposes in 1958.

With that being said, the PAP fulfilled its goal to discredit the SPA and would like to withdraw the motion. However, Lim Yew Hock refused. Instead, he insisted on conducting an investigation of this case, in order to find the "traitors" within the civil service who had leaked confidential information to his opponent. However, the following investigation by the Commission of Inquiry only caused further damage to the Labor Front government's reputation. Chew detailed how this large political fund had been used: \$51,000 was used to buy a house in Ipoh under his wife's name, \$250,000 was the investment in Perak Mining Enterprise Ltd under another party's name, and was thinking about a \$30,000 investment in a mining company, in addition, shares of the mining company valued at \$50,000 were given to the Mrs Hamid Jumat, the wife of Singapore's UMNO leader. Consequently, the investigation "only confirmed what voters already knew—that

Lim Yew Hock's government was corrupt, and worse, that it was now in the pay of the Americans.”⁷⁷

The investigation result was posted two days before the polling day and had devastating effects on the SPA's election result. On the other side, the PAP's united and effective campaigns towards different ethnic-linguistic with capable party members proved successful. Finally, the PAP won the election, with 43 out of 51 seats and 53.4% votes. In order to demonstrate a strong commitment in building a clean government, all of the PAP members wore white uniform when they swore in the City Hall to take charge. The white uniform tradition lasts till today.

The 1959 general election provided a good illustration of several key problems at that time and was a real test on the PAP's effectiveness. First, political corruption had truly been a serious problem in the eyes of Singapore people, the majority of whom were more or less influenced by the leftist ideals, as the PAP could successfully get popular support by campaigning on this issue. Second, key to the successful corruption campaign was that the PAP had access to the confidential information about the corruption transaction. This indicated that the civil service had lost their neutrality, either due to individual servants' willingness to participate in party politics or the parties' activeness in politically “corrupting” the civil servants. Third, although the PAP had took pains to be a multiracial party, its success largely owed to its leftist strategy with the pro-communist and substantial support from Chinese-speaking majority. This was summarized in a letter by Sir William A.C. Goode, the last British Governor of Singapore colony who had closely observed this election:

⁷⁷ Lee (1998): 295.

“The Malays generally were frightened of the PAP as Chinese extremists, and were not won over by the bold undertaking of the PAP to make Malay the national language nor by the PAP putting up nine Malay candidates. In election rallies the top PAP leaders made every effort to win over the English-speaking white-collar workers of the City. Nevertheless, the main residential and suburban areas either returned an SPA candidate or were only won by the PAP owing to the moderate vote being split between the SPA and the Liberal Socialists or an Independent”⁷⁸.

It was clear that the PAP’s support at the mass level in this election was not as multiracial as its leadership. Moreover, it had a huge overlap with the communist mass base, which was potentially to be taken over by the communists if they had opportunities. The PAP leaders worry about this can be seen in its time arrangement on the aforementioned swearing ceremony. It was arranged at a time to avoid the the release of detained communist leaders taking up the newspaper headlines⁷⁹.

Thus, the promise to build a capable and non-corrupt government was challenging to fulfill, given the PAP’s shaky mass base in a highly mobilized Singapore society. The crucial aspects of these challenges were whether the PAP could remain cohesive, out-perform the communists in consolidating its popular support and cement the communal cleavages (i.e. from elite consensus to national consensus). The following history has proved that the PAP achieved great success in these aspects, though limitations existed. The key achievement of the PAP was the building of an efficient and clean administrative system.

⁷⁸ Ibid. 313. All the PAP Malay candidates were defeated by UMNO candidates in Malay-majority constituencies.

⁷⁹ The trade between the PAP and Communists in the cooperation was that once the PAP had been elected to organize the government, they had to release the detained communist cadres.

2.4. Restructuring the State Institutions:1959–1963

Exercising effective control over the colonial bureaucracy was of great significance to the PAP's enterprise at that time. The first reason was quite straightforward: the PAP had promised a clean government. Second, to some extent, it was by cleverly abusing the weaknesses of the state institutions that the PAP defeated the Labour Front government. The same politicized bureaucracy could also backfire against the PAP by releasing confidential information to its opponents if no institutional control was installed. Third, in terms of party organization, the PAP was still inferior to the Malaya Communist Party (MCP) and its branch in Singapore, which explained its collaboration with the communists to mobilize mass support in the election. Under this circumstance, it was a feasible solution to restructure the colonial administration as the PAP's institutional "weapon" in containing communist movements and delivering public goods to consolidate its mass support.

The rapid localization of civil service started from the 1950s led to the increasing politician-bureaucrat struggles, declining administrative efficiency and slackened institutional controls⁸⁰. The PAP started its "revolutionary" reform on the colonial bureaucracy soon after it came into power. The fact that Singapore was granted self-rule later in 1959 left more space for bolder changes. The first PAP's five-year term thus witnessed a transformative change of the state machine, from a laissez faire colonial administration to a responsible developmental agency subject to more effective institutional controls. The following content in this section will provide a summary of these changes and their consequences.

The first approach was the attitudinal change among the civil servants. The goal was two-fold: to win their collaboration with the PAP in policy implementation and to build the PAP's ideological

⁸⁰ Seah (1985): 100.

control. It was interesting to note that the PAP employed the leftist strategy again in the post-election era. In the inaugural speech, the PAP demonstrated its strong will to sweep the evils within the colonial system in the name of overriding Singapore national interest⁸¹, which sounded intimidating to the civil servants oppose the policy changes. Soon, embracing the communist tactics, the PAP mobilized the civil servants by launching several mass civic projects like weeding and cleaning the streets. “We saw no reason why the MCP should have the monopoly of such techniques and organized drives to enthuse the people and involve them in setting higher standards in civic consciousness, general cleanliness and the preservation of public property”⁸². Even though no penalty was associated with absence, civil servants were asked to participate in these activities with their ministers. In addition, a more institutional method for political control was the establishment of the Political Study Centre in August 1959, aiming to win the sympathy of senior civil servants for the PAP’s political aspirations. In short, the ways by which the PAP articulated their political goal, mobilized civil servants and conducted political education were more or less the replications of their communist counterparts.

The second approach was more complex institutional reform. The strategic application of those leftist tactics significantly “purified” the civil servants, and established the civil service’s new public image in the eyes of ordinary people, which were then consistent with the leftist tone in Singapore politics. The PAP, however, was by no means a revolutionary party like MCP. Ideological moderation enabled them to take a more balanced strategy to strengthen the existing institutions. It is the efforts made on institutional building at the height of a quasi-revolutionary

⁸¹“Speech by the Prime Minister, Mr. Lee Kuan Yew at a Dinner Given by the University of Malaya Society”, *Ministry of Information and Arts*. July 21, 1959. Available at <http://www.nas.gov.sg/archivesonline/data/pdfdoc/lky19590725.pdf>

⁸² Lee (1998): 322.

sweep that sustain Singapore's government capacity and cleanness till today. This is a crucial point made by Lee Kuan Yew on anti-corruption in many occasions. On the one hand, knowing the fate many Asian nationalist parties like China's KMT had—turning corrupt after seizing power and beaten by the well-organized communists, he has placed emphasis on self-discipline and its importance in ensuring the party's survival in the face of communist enemies. On the other hand, the moral decay of communist parties like China's Communist Party following the exhaustion of revolutionary zeal has highlighted the importance of a mechanism to maintain the government cleanness and integrity⁸³. It was within the context of domestic and regional nationalist/ communist movements that the urgency in corruption control and state-building could be understood.

The first aspect in this institutional building enterprise was the tightened control over civil service, with a special emphasis on the corruption control. The three main corruption control set-ups were the Corruption Practice Investigation Bureau (CPIB), the administration tribunal within the Public Service Commission (PSC) and the Commission of Inquiry.

The CPIB was instituted in the Prime Minister's office and greatly empowered by the Prevention of Corruption Act (POCA) passed in June 1960. According to this Act, the CPIB has the power to arrest and search a person (Section 15). More powerfully, the CPIB Director and senior staff can investigate "any bank account, share account or purchase account" of any corruption suspect with the Public Prosecutor's authorization (Section 17). In addition, investigation into a civil servant's family relatives' accounts is permitted if necessary (Section 18)⁸⁴. Thus, although the

⁸³ "Address at the Asian Strategy and Leadership Institute's 'World Ethics and Integrity Forum 2005'", Kuala Lumpur, *Singapore Government Press Release*. April 28th 2005.

⁸⁴ Quah (2003a): 116.

CPIB cannot trial cases, such empowerments undoubtedly made it a proactive and professional anti-corruption agency, for even suspicious corruption can lead to a civil servant being arrested and thoroughly investigated. The administration tribunal within the PSC was granted the power to discipline the officials with misconduct. The Public Service Commission (PSC) was in 1960 transformed into an agency to be in charge of managing the civil service rather than an advising committee under the colonial system. To some extent, the penalty imposed by its administrative tribunal is harsher than that could be imposed in legal court, as the corrupt officials do not have comparable legal protection (eg. defense lawyer) in the court. Within this institutional setting, the corrupt official who can get acquittal in the court due to insufficient evidence but can still be disciplined in the tribunal⁸⁵.

As mentioned before, the Commission of Inquiry had been responsible for investigating Chew Swee Kee corruption scandal in the 1959 election. It was well maintained in the post-colonial era to investigate the high-profile cases and there was no exception even for the Prime Minister. One Commission of Inquiry was organized to investigate the corruption charges made by Ong Eng Guan against Lee Kuan Yew. The PAP suffered from factional struggles which led to the expulsion of Ong the party in 1960, who then was the Minister for National Development and well supported by Hokkien Chinese. As a form of revenge, he played the corruption card by accusing the Prime Minister Lee Kuan Yew and the Minister for Labor and Law Keny Byrne of nepotism and made several civil servants as his witnesses, a similar strategy employed by the PAP in 1959 election. However, it turned out that the allegations were unfounded and only end

⁸⁵ Shang (2003): 163-167.

up with the Justice's conclusion that Ong was "a person not to be believed"⁸⁶. As a result, despite that Ong's expulsion led to the PAP's loss in the Hong Lim by-election, the decision actually reinforced the PAP's discipline and set a good example in respecting the elite consensus on a non-corrupt party organization.

In addition to the three traditional top-down intra-bureaucratic institutional checks on corruption, the PAP also built the bottom-up organizational channels to hold the civil service accountable to the public. In 1962, the Central Complaints Bureau (CCB) was established to handle public complaints about civil servants' corruption or more general misbehaviours. The official rationale in this set-up was to stop the bureaucratic tyranny in name of the PAP government, as "civil servants, denied opportunities to be corrupt, have enforced laws and regulations with a strictness calculated to arouse popular animosity against the Government, so much so that some members of the public claimed that life was much easier when officials could be bribed into leaving them alone."⁸⁷ It was interesting to note that the CCB was heavily staffed by the Chinese-speaking educated to hold their English-speaking peers accountable. This was consistent with the PAP's leftist strategy mentioned before to consolidate its popular support. Perhaps more importantly, it was also a significant measure in converting the mass movement into benevolent use against corruption, and the CCB provided the institutional channel.

The second theme in institutional building was a capable administration. Although a politically loyal and disciplined administrative system was strongly desired by the PAP, they are not the only criteria preferred. In some sense, an efficient and effective bureaucracy is of greater

⁸⁶ Lee (1998): 353.

⁸⁷ Seah (1971): 176.

significance in restoring the domestic order and outperforming the communists in public goods delivery. Moreover, all aforementioned institutional controls, though well designed, have to be implemented by competent civil servants. Lee Kuan Yew expressed this position explicitly, “I am in favour of efficient service. The brighter chap goes up and I don’t care how many years he’s been in or he hasn’t been in. If he’s the best man for the job, put him there”⁸⁸. This was the crucial point where the PAP differed from their communist counterparts. Rather than simply accelerating the localization of civil service in the anti-colonial movements, the PAP remained pragmatic and autonomous by retaining as many talents as possible. Local civil servants who demonstrated good managerial skills were promoted quickly. Similarly, some capable expatriate civil servants were persuaded to stay longer on additional short-term contracts. Consequently, “expertise as opposed to blind political loyalty or enthusiasm was to predominate”⁸⁹. This pragmatism was further reinforced after the party’s severe split in 1961 when the communists defected and formed the Barisan Socialis (Socialist Front). The foundation for a merit-based bureaucracy was thus solidly laid during this period.

It would be premature to judge the overall achievement on the institutional building at this stage, for the socio-political dynamics were still undergoing dramatic changes. It is suffice to say that a combination of leftist strategies and efficient public goods delivery helped the PAP consolidate its power against the communist threat. The PAP was entrusted another five-year term in the 1963 election. Also, in terms of corruption, it was within this institutional and social context that the first generation of civil servants in a self-rule Singapore who identified themselves closely

⁸⁸ Ibid. 88.

⁸⁹ Seah (1985): 100.

with the public interest and stood firmly against corruption firstly emerged. A case in point was the successful crushing of CIA's plot. The CIA agents from the US were active in post-war Southeast Asia to contain communist movements. And the common strategy was through bribing local politicians. One senior officer was approached by the CIA in 1962 for details about the PAP's policy orientation towards communist forces, and was promised abundant material rewards. However, the CIA's scheme was smashed as this officer not only reported it to the Prime Minister but also collaborated with the Singapore police in successfully arresting those agents. Later, the CIA's attempt in buying the release of those agents through political funding to the PAP became even more notorious when the PAP publicized the whole story in local newspaper. The US had to make a formal apology in the aftermath. All these diplomatic challenges for the US originated from a Singaporean officer of integrity, who later articulated his rationale for this choice, "we were at a hard time then, and everyone of us felt the responsibility we had to shoulder. We had a strong sense of mission to protect our new nation. They simply got the wrong target"⁹⁰. It is clear that Singapore's national interest was safeguarded by non-corrupt officials like him, who were both mobilized by it and well-disciplined by various institutions serving it.

2.5. A Test on the Unity: From Leftist Rebellion to Racial Riot, 1961-1965

To some extent, the PAP's alignment with pro-Communists was a matter of expediency. The fundamental ideological gap between the PAP's moderates and its radical leftists anticipated the collapse of this collaboration. An immediate cause of this crisis was the different attitudes towards merging into the Malaysia Federation, an oral proposal posed by the Malaysian Prime Minister Tunku Abdul Rahman earlier on May 21st, 1961. Though since Labour Front

⁹⁰ Shang (2003): 184-185.

government, efforts had been made to negotiate Singapore's independence by merging into Malaya, there had been no significant progress on this issue. The rise of leftists and the defeat of PAP in Hong Lim by-election in April (by Ong Eng Guan) made the Malayan leaders believe that PAP was not a pro-Communist party. Also, the end of “Emergency” on peninsular made it possible and desirable to include Singapore in a greater Federation to prevent the rise of a communist regime right next door.

The Tunku’s proposal turned out to be a bombshell in Singapore which intensified the internal split of the PAP. On July 26th 1961, a more damaging intra-party struggle culminated in the split of the party into two. Led by the PAP’s assemblymen Lee Siew Choh and other prominent pro-Communist trade unionists like Lim Chin Siong, Barisan Socialis was formed and accused the PAP of making compromises to the British colonialism. It was estimated that two thirds of the PAP party members and a significant number of party branches defected to this party⁹¹. The merger issue was at the centre of this debate. Fearing that the right-wing Alliance government in Kuala Lumpur would decimate them relentlessly if they take control of Singapore’s internal security, the Barisan Socialis proposed that Singapore should preserve its autonomy in this aspect. As for the PAP moderates, they took advantage of this opportunity to eliminate the communist threat. Thus, their proposal was to transfer the security power to the Federation while retaining autonomy on labor and education⁹².

Under these circumstances, the PAP worked efficiently to mobilize social consensus in favour of its position through controlling the media. In this campaign against Barisan Socialis, 12 speeches

⁹¹ Milne and Mauzy (1990): 87.

⁹² Kim, Shee Poon (1985): 5-8.

were broadcast in English, Chinese and Malay languages on the necessity and importance of independence in Malaysia Federation framework. As the *Strait Times* editor-in-chief commented, “the broadcasts were an unprecedented experience. ... Every broadcast ended with the listener in suspense, and anxious for the next instalment, ... A master storyteller was at work. But this was not fiction. This was life and death for Singapore”⁹³. The media campaign turned out to be a great success as the PAP’s merger proposal was endorsed with 70% votes in the following referendum on September 1st 1962. This legitimized the PAP as the spokesmen of Singapore in the negotiation with Malaysia on the merger.

It should also be noted that during this period the PAP played the “multiracialism” card with a special emphasis on the Malay culture. The PAP had made it a policy to attract Malay votes since it came into power in 1959 to demonstrate its multiracialism, as Chinese-speaking majority constituted the bulk of its mass base in that election. Yusof bin Ishak, a Malay leader, was designated as head of State when the Singapore was granted autonomy. The Ministry of Culture was established to accommodate the social diversity and foster national unity. An immediate goal was to propagate “an awareness of the ultimate objective of complete independence through merger [with Malaya] and of the ideals of a democratic way of life”⁹⁴. First led by S. Rajaratnam, a PAP member of Tamil descent, and Othman Wok, a Singapore-born Malay, this institution had become the forefront in political propaganda for the merger proposal. Still, the Singapore UMNO remained to be a strong competitor of PAP in mobilizing Malay support. The multiracial

⁹³ Lee (1998): 398.

⁹⁴ Seah (1971): 82.

consensus at elite level, as demonstrated in PAP's Malay candidates, had not been transferred into a mass-level social consensus.

However, the PAP's unfortunate split actually accelerated its transformation from a Chinese-dominant party to be more multiracial. The Malays only made up 4.1% of PAP's membership in 1961. The defection of radical leftists made the PAP more acceptable to them and there was an increase in the Malay membership. Later in 1966, "about 14% of the ordinary members and 10.2% of the officers in the branch committees were Malays."⁹⁵ More progress had been made in delivering economic assistance to the Malays. As the merger approached, the PAP government extended developmental programs deeper into Malay kampongs. Infrastructural constructions like drainage canal, water pipes, roadways etc brought concrete benefits to Malays. In 1963, another huge project (S\$ 3.7 million) was started in the Malay constituency Geylang Serai, including clinics, schools, apartments and so on. Consequently, by September 16th 1963, the date for merger, "the Singapore Malays had what appeared to many of them to be persuasive reasons to look forward to an accelerating rate of improvement in their lives, both in the more specific Singaporean and in the wider Malaysian context"⁹⁶.

All these efforts towards an independent Singapore in the greater Malaysia Federation led to the PAP's electoral success on September 22nd 1963. The PAP won 37 out of 51 seats against the Barisan Socialis's 17 seats. This election not only marked the consolidation of PAP's power, but also the decimation of communist forces in Barisan Socialis. After the election, 15 leaders were arrested and detained in the name of removing the "communist plot to create tension and unrest

⁹⁵ Ismail (1974): 28.

⁹⁶ Betts (1975): 87.

in the state.”⁹⁷At the same time, this election became a turning point in the Malaysia-Singapore relationship. As the communist influence was in decline, the conflict between the PAP and Singapore UMNO was on the rise. The competition between them in attracting Malay votes in this election sowed the seed of further crisis in Singapore, which was then a part of Malaysia. The Singapore People’s Alliance (including UMNO) was defeated by the PAP again, and this failure was more humiliating than that in the 1959 election. The PAP’s Malay candidates even took over all the three Malay-dominant constituencies: Geylang Serai, Kampong Kembangan and the Southern Islands, which greatly shocked Singapore UMNO and its headquarter in Kuala Lumpur, who portrayed themselves as legitimate representative of the Malay interests. Tunku Abdul Rahman, the Malaysian Prime Minister even concluded there must be “a few traitors among the members who have brought about this change in the hearts of the Malay people there.”⁹⁸

The interpretation of the election result widened the chasm between PAP and the Alliance in Malaysia. The Alliance leaders took it as a formidable challenge to its Alliance formula (see Chapter 3 for further discussion), which was communally based and involved inter-ethnic elite bargaining on group special rights. But for PAP, this election demonstrated the success of its multiracial non-communal approach, which could still get high approval by Malays instead of special privilege solution. Thus, as the Alliance leaders became more wary about PAP, the PAP was encouraged by the victory and decided to contest in the coming 1964 Malaysian general

⁹⁷ Kim (1985): 9.

⁹⁸ Betts (1975): 92-94.

election. The squabble in the election campaign and post-election debate finally led to Singapore's expulsion from the Federation.

The campaign strategy made by the PAP was to demonstrate that it was a better alternative than the MCA, which was the spokesman for the rich Chinese. By attacking the MCA, not only had the moderate PAP become communal (an arrogant Chinese party) in an unintended way, but also, perhaps more detrimental, it confirmed the peninsular Malays' perception that it would smash the Alliance framework, the institutional basis for Malay special rights. The MCA, on the other hand, portrayed itself as a loyal junior partner in the Alliance framework by avoiding attacking the Malay right and got the support from UMNO. Through use of patronage, the MCA also ensured more Chinese support than PAP. As a result, the PAP was seriously defeated, obtaining only one seat in the parliament, which was exactly the mirror image of UMNO's fiasco in Singapore's election the previous year⁹⁹.

Relegated as an opposition party in the peninsular, the PAP became more outspoken on the Malaysia's communal structure. On the other side, the Malay extremists within UMNO, led by the then secretary-general Syed Ja'afar Albar, also initiated verbal attacks on the PAP leaders. Several rounds of attacks went on back and forth between them, and finally ignited mass physical violence. On July 21st, 1964, about 25,000 Malay Muslims were celebrating the birthday of Muhammad with a religious procession in Singapore. However, as it went on, the procession unexpectedly turned violent, resulting in 23 people killed and 454 injured that day. Whatever the cause, this racial riot forced the PAP to retreat from the peninsular temporarily and to restore the internal order of Singapore. Still, a new round of struggle began on May 9th, 1965.

⁹⁹ Ibid. 96-111.

The PAP, along with other non-communal parties¹⁰⁰, formed the Malaysian Solidarity Convention (MSC)—a multiracial alternative to the dominant communal Alliance, challenged the special Malay rights, which was briefly dichotomized as “the Malaysian Malaysia” vs “the Malay Malaysia” and accused the Malay Special Right clause (Article 153) in Malaysian Constitution. As the acrimony peaked as an open political struggle and there was no more negotiable space, Singapore was expelled out of the Federation by the UMNO under the pressure of Malay ultras on August 9th, 1965¹⁰¹.

Although both the Alliance and the PAP stood firm against communists, underlying this uneasy merger was a fundamental incompatibility between the two party-state systems. As opposed to the Alliance framework premised on Malay special rights, the social democratic PAP favoured the multiracial solution, which required the resources and opportunities offered by the government should be equally accessible to everyone regardless of ascriptive criteria. Even if some assistance for Malays were needed, they cannot be justified on the basis of group privilege. Thus, one reservation was made even at the height of mobilizing for the merger: the Malaysia Agreement signed before merger (July 1963) stated that the Malay privilege on peninsular would not be applied to Singapore Malays—“Nothing in Clause (2) of Article 8 or Clause (1) of Article 12 shall prohibit or invalidate any provision of State law in Singapore for the advancement of Malays; but there shall be no reservation for Malays in accordance with Article 153 of positions in the public service to be filled by recruitment in Singapore, or of permits or licences for the

¹⁰⁰ These parties included the United Democratic Party and the People’s Progressive Party from Malaya, the Sarawak United People’s Party and Machinda Party of Sarawak.

¹⁰¹ Ibid. 112-122.

operation of any trade or business in Singapore.”¹⁰²Singapore’s independence happened all of a sudden, but this outcome was predetermined.

2.6. Politics of Survival¹⁰³:

Towards an Uncompromising Meritocratic State, 1965–1968

The independence was without doubt a national crisis for Singapore. The viability of an independent Singapore out of the Federation was subject to severe test. Domestically, the unemployment rate was still high, remaining a source of social unrest and communist resurgence. Besides, the communal flames ignited during the merger complicated this situation, as the pre-Merger period was characterized with more Sino-Malay harmony¹⁰⁴. How to restore domestic peace and economic development were critical to the PAP regime’s survival. Internationally, closely related to the domestic communal strife, the newly independent Chinese-majority Singapore state faced an “encirclement” in the Malay world, with west Malaysia on the northwest, Indonesia on the south and the Philippines on the northeast. A declaration of Chinese chauvinism of national interest would risk regional confrontation from these neighbours¹⁰⁵. Moreover, in terms economic security, though the common market was never fulfilled, the immediate period after independence witnessed drastic shrinkage in trade volumes with Malaysia. As the industrialization progressed, the search for international market for its manufactured goods and industrial upgrading became more important.

¹⁰² Malaya, Federation of (1963): 56. From the “Malaysia: Agreement Concluded between the United Kingdom, the Federation of Malaya, North Borneo, Sarawak and Singapore”.

¹⁰³ I borrowed this phrase from Chan’s (1971) title.

¹⁰⁴ The Maria Hartogh riot mentioned before was between Malay Muslim and European Catholics.

¹⁰⁵ Chan (1971): 16-19. Moreover, the Sukarno conducted “Confrontasi” policy against Malaysia Federation during the same time, protesting against the incorporation of East Malaysia.

With domestic and external threat intricately intertwined, a new round of mass mobilization and institution building enterprises were initiated by the PAP, but this time it was couched in terms of “survivalism”. Great emphasis was placed on building a cohesive society. First, the PAP’s dismissed the demands from communal interest articulation. In doing so, the PAP judiciously quenched any public appeal to communal interests immediately after the independence. The *Utusan Melayu*, the major Malay newspaper in Singapore, was warned by the PAP for instigating communal emotions by reporting the Catholics’ attempts in converting Muslims. Later, in a similar fashion, the Chinese Chamber of Commerce, an influential Chinese interest group, was rebuked by the PAP for their attempt to obtain constitutional guarantee for Chinese language. The final language policy reflected the depoliticized ethnic issues in 1966: while Malay was designated as the national language, a political legacy for the merger, the Tamil, Malay, Chinese and English were now recognized as official languages. In particular, the choice on English as the common language both avoided communal divisions and encouraged the economic modernization in a broader global market¹⁰⁶. Specifically in terms of Malay political representation, Malay candidates in the PAP became the only legitimate spokesmen for negotiation. The Singapore UMNO was forced to disband. Accusing the detrimental effect of special right, the PAP’s Malay policy was guided by a more strict procedurally equal framework. Even though there would be some inter-ethnic distribution and assistance to Malays, they were to be kept at a minimum level. The Malay self-help efforts were stipulated as “a precondition for, or

¹⁰⁶ Ibid. p. 49.

necessary adjunct of, government assistance to the Malays.”¹⁰⁷By doing so, the Singapore state avoided being captured by communal interests.

Second, the importance of human resources was highlighted to survive the crisis. Qualities of a citizen like skills and discipline were placed highly, which was crucial to the development of Singapore’s economy heavily based on manufactured goods and services. The national interest was defined in ethnically neutral, meritocratic terms in the context of national development. A competitive educational system was thus instituted to select the most capable ones to serve the purpose. Also, political participation was curbed in this hierarchical, stratified social system. Politics was thus replaced by rational administration, encouraging political acquiesce¹⁰⁸.

On the state side, by projecting the crisis mentality, the PAP party-state not only succeed in building a highly effective state apparatus, but also a source of legitimacy in the multiracial society. A state with high ethical standard was both desirable and indispensable. From a normative view, in a young nation characterized with ethnolinguistic fragmentation, there were few sources to cultivate national identity but an effective government¹⁰⁹. Thus, any distortion of the government’s effectiveness, like corruption, would no doubt be detrimental to the government’s legitimacy and social unity. From a practical view, following the separation, it became more urgent for Singapore to search for economically viable ways for development. Industrial upgrading and foreign investment were made as the strategic components of the development plan. To establish a non-corrupt institutional setting was its integral part to spur growth. Consequently, though this period witnessed an authoritarian turn of the PAP regime, the

¹⁰⁷ Betts (1975): 156-159.

¹⁰⁸ Chan (1971): 51-52; Brown (1994): 81-82.

¹⁰⁹ Chan (1971): 54.

dramatic rationalization and meritocratization of this “leviathan” in the name of Singapore’s national interests gave rise to a bureaucratic state characterized with enormous capacity.

In the 1968 general election, the PAP party was entrusted a third term. More astoundingly, it successfully won all 58 seats. Singapore thus became the de facto one-party state without politically viable alternatives. Interestingly, Malaysia also evolved into an authoritarian state the next year, but based on more complex political calculations. What is pertinent here is the fact that the PAP regime also successfully control the spill-over of communal unrest from the peninsular¹¹⁰. The disciplined and vigilant the national defence forces were both the achievement of previous state-building enterprise, and the crucial force in maintaining the national unity.

2.7. The “Increasing Returns”: Meritocracy as Institutional Checks on Corruption

If the mass mobilizations initiated by the PAP to defuse communist rebellions and communal riots set a non-corrupt start of the post-colonial government, then the merit-based institutions emerged from these movements constitute the reproduction mechanism in maintaining the a honest and effective government. As early as in the 1974, Singapore was recognized as Asia’s “Mr. Clean” regionally and attracted worldly recognition in 1990s¹¹¹.

A far-reaching effect of this merit-based institutional arrangement is that it gives rise to high ethical codes and neutrality. The Teh Cheang Wan’s tragedy is a case in point. As a brilliant architect, he served in the Housing Development Board in 1970s, making great contributions to the Singapore’s most important national projects—housing, and was promoted to the minister for National Development in 1979. However, in November 1986 the investigation on one of Teh’s associates conducted by the CPIB revealed that Teh had accepted two cash payments of

¹¹⁰ Ibid. 57.

¹¹¹ Shang (2003): 148.

\$400,000 for each in 1981 and 1982. Teh denied the charges at first and attempted to bargain with the CPIB. With no hope in withholding the case, he committed suicide with the last letter —“I have been feeling very sad and depressed for the last two weeks. I feel responsible for the occurrence of this unfortunate incident and I feel I should accept full responsibility. *As an honourable oriental gentleman I feel it is only right that I should pay the highest penalty for my mistake*”¹¹². It is true that not every corrupt official will end his life due to a sense of guilty, but Teh’s tragedy indicates that being a public servant, especially at senior positions, is associated with a higher moral obligation for the whole nation.

This effect is reinforced by a society of social consensus against corruption, which is fostered by formal merit-based institutions. As Lee Kuan Yew commented in 1987 after Teh’s tragedy, “the strongest deterrent is in a public opinion which censures and condemns corrupt persons, in other words, in attitudes which make corruption so unacceptable that the stigma of corruption cannot be washed away by serving a prison sentence.”¹¹³ This social consensus was clearly articulated in meritocratic terms, as clarified by one former CPIB Deputy Director, “corruption control has become a strategic tenet of our system of governance. The smooth conduct of government affairs had to be grounded on a rational basis, with clear rules for all to follow.... For Singapore to succeed, we had to operate on a meritocratic principle, where people can see that rewards are tied to the efforts that they put in, and not through corrupt means.”¹¹⁴ This is of great importance in authoritarian regimes, institutional checks on the high echelon officials might not be comparable

¹¹² Lee (2000): 162. Italic emphasis added.

¹¹³ Ministerial Statement by the Prime Minister, in Parliament on Mr. Teh Cheang Wan’s Death” Parliamentary Speech, January 26th, 1987. Available at <http://www.nas.gov.sg/archivesonline/data/pdftdoc/lky19870126.pdf>.

¹¹⁴ Koh Teck Hin, ‘Corruption control in Singapore’ available at http://www.unafei.or.jp/english/pdf/RS_No83/No83_17VE_Koh1.pdf, accessed on July 26th, 2015.

to those in democracies. The high-profile cases are often exposed due to factional struggles within many authoritarian regimes. However, given the firm elite and public consensus on corruption in Singapore, high-profile cases are investigated in a politically neutral way and corrupt officials are disciplined regardless of rank and prior achievement.

Corresponding to the high ethical codes for public servants is the high remuneration, particularly for senior positions, to ensure the recruitment of high-quality talents into the public service. Revisions in the salary scales was initiated in late 1970s to prevent the brain drain in the public sector due to a take-off in the private sector, not for the sake of corruption control per se. But the high payment reinforces the meritocracy ideal and contributes to the maintenance of a honest and capable public service. The salary began to improve in March 1972 when civil servants were given “a 13th-month non-pensionable allowance comparable to the bonus in the private sector”¹¹⁵. And it was later increased in 1973, 1979, 1982, 1989 and 1994. The most dramatic change came in the 1989 and 1994. The salary scale was increased to such an extent that the senior civil servants in Singapore were far more well-paid than their counterparts elsewhere.¹¹⁶ This proposal was heatedly debated in the following years and the justification provided by the then Prime Minister Goh Chok Tong for this policy was a typical meritocratic argument: “Singaporeans have seen their standard of living rise...It is because of honest and effective leadership. If I am unable to recruit honest and able men and women into Cabinet, I cannot maintain the same high degree of honesty and competence. The standard of government will go

¹¹⁵ Quah (2003a): 120.

¹¹⁶ Ibid. 121.

down, and with it, the standard of living of Singaporeans”¹¹⁷. Again, Singapore’s national interest is defined in meritocratic terms. As a result, the opportunity cost for senior civil servants to engage in corruption activities is prohibitively high—the loss of a remunerative, highly esteemed job as well as personal reputation.

More importantly, as mentioned in the first chapter, the merit-based institution tend to be more adaptable to changing socio-economic environment than patrimonial counterpart, as demonstrated in its greater capacity in implementing self-correcting reforms like the New Zealand’s New Public Administration reform. The same applies to corruption control in Singapore. Fighting against corruption entails more than removing those corrupt officials out of the office, but the building of institutions to prevent further corruption occurrence. On a firm institutional basis, self-correcting reforms on the existing weaknesses are introduced in the aftermath of the corruption cases. In 1999, corruption cases relating to the Singapore Police Force (SPF) was on rise in the aftermath of Financial Crisis. In one of these cases, it was reported that 14 police officers, including an Assistant Superintendent of Police had taken bribery from a loan shark. Following the dismissal of those officials, the SPF initiated reforms on corruption control. Comprehensive screening and polygraph test were included. Regular rotation of police officers on “high-risk” positions (like anti-vice and anti-gambling squads) were introduced to prevent the formation of familiarity between these officers and the people they supervise. Moreover, the “public shaming” of those officers breaking the rules was also introduced as a deterrence to further corruption. In addition, “whistleblowing”, a culture consistent with its authoritarian context, was institutionalized to inspect and deter corruption

¹¹⁷ Goh Chok Tong, “On Salary Revision for Ministers and Other Political Office-Holders”, Parliamentary Speech, Dec 3rd, 1993. Available at <http://www.nas.gov.sg/archivesonline/data/pdfdoc/gct19931203.pdf>.

cases. Not only are the officers required to report to their commanding officers whether they have breached the ethical codes, but are also required to disclose their colleagues' unethical behaviours¹¹⁸. Thus, fighting against corruption is not simply conducted through the “fire-alarm” oversight (eg. media exposure), but in a “police patrol” way by centralized and routinized oversight¹¹⁹. It is the latter aspect that lay the solid foundation for the Singapore government's cleanness and this can only be realized on highly developed merit-based institutions.

¹¹⁸ Keong (2003): 13-14.

¹¹⁹ McCubbins and Schwartz (1984) distinguish two types of congressional oversight: police-patrol oversight and fire-alarm oversight. The former is more “centralized, active and direct: at its own initiative” while the latter is “less centralized and involves less active and direct intervention”, instead, the congress established rules and procedures, enabling individuals and organized groups to examine shortcomings. The congress responds to those fire-alarms. Although this article focuses on congressional oversight, this distinction can also be applied to corruption control. Singapore has developed a highly centralized and proactive anti-corruption system.

Chapter 3 Malaysia: The Dictate of Ethnic Special Rights

“It is argued that we should accommodate those who are more skillful, richer and smarter than us as it will bring lots of benefits to the country. But in the end, we will become slaves.”¹²⁰

—Mahathir Mohammad

In many ways, Malaysia shares commonalities with Singapore due to the close colonial ties mentioned before. This means that Malaysia was not immune from the corruption disease that Singapore suffered during the same time. However, not only did Malaysia fail to establish powerful institutions of corruption control, but also sowed the seed for more corruption by legitimizing the use of patronage at the independence juncture. As a result, the following development trajectory forms a “mirror image” of the Singaporean experience to some extent. First, though the political elite coalesced for fear of communal and communist riots, the formation of the governing coalition involved the negotiation and division of rights along communal lines. The trade-offs among different ethnic parties on group privilege compromised the government’s effectiveness. Second, as the communal structure and special rights for Malays got more entrenched in the society following the affirmative action in the 1970s, corruption grew alongside economic development. Third, corruption seemed to be a difficult problem to tackle as a consequence. As reflected in the stagnant Corruption Perception Index of Malaysia, whether the efforts made on anti-corruption are sincere and effective become questionable. The key to Malaysia’s dilemma in corruption control is a bureaucratic state distorted by ethnic division and vested group interest.

¹²⁰ Cited in Lim (2007): 1519.

3.1. Malaya in the post-war Colonial Period: The Critical Antecedent

Like Singapore, the Federation of Malaya also attracted large number of Chinese immigrants during colonial times, most of whom settled along the coastal urban areas like Penang and Malacca. Although the demographical change in ethnic components was not as dramatic as that in Singapore, the indigenous groups lost their absolute majority vis-a-vis the immigrants in general, as shown in the table.

Year	Chinese	Malaysians	Indians	Others
1921	29.4	54.0	15.1	1.5
1931	33.9	49.2	15.1	1.8
1947	38.4	49.5	10.8	1.3
1957	37.2	49.8	11.3	1.8

Table 3.1.1.¹²¹ Racial Composition, 1921—1957

Moreover, the Chinese was greatly mobilized in the anti-Japanese war and made contributions to the victory. As an initial step to self-rule, the Malayan Union was proposed by the British to unify the Strait Settlements (excluding Singapore), the Federated Malay States and the Unfederated Malay States. The Chinese were granted equal citizenship within this framework. However, as mentioned in the previous chapter, the introduction of Malayan Union plan in 1946 proved to be a bombshell that provoked communal fears among Malays, marking the formation of the UMNO to fight for the withdrawal of this plan. Still, a different approach existed in the controversy. The All Malaya Council of Joint Action (AMCJA), and Pusat Tenaga Rakyat (PUTERA) were formed by a number of Malay, Chinese and Indian organizations to advocate a non-communal institutional design in an autonomous Malaya with Singapore included and equal

¹²¹ Purcell (1965): 223. Adapted from the original table. Figures appear as percentages. The “Malaysians” category includes Malays as well as nomadic aborigines. The “Indians” category includes Pakistanis.

citizenship for all residents, though Malay as national language and special status for Malays were accepted. But this multiracial approach soon lost to its communal counterpart advocated by the UMNO. The comprehensive strikes led by the AMCJA-PUTERA coalition in October 1947 only convinced the British of its ideological radicalism. Consequently, the British chose to collaborate with the UMNO closely in the constitutional proposals¹²².

Premising on this British-Malay collaboration, the British proposed the Federation of Malaya Agreement (FMA) to replace the Malayan Union plan in February 1948. Within the revised framework, Malay privilege and restrictions on the non-Malay's citizenship were respected. Demonstrating its strong discontent, the MCP redirected its gun towards the colonial government and its Malay agents, putting the newly established Federation into the "Emergency" status in June. Just like the Malayan People's Anti-Japanese Army (MPAJA) had forcefully wounded the Japanese troop before, this armed rebellion under MCP's leadership posed a great challenge for the British authority in the post-war era. Facing enormous military pressure, the British had to cooperate more closely with the Malays to suppress the rebellion on one hand, and win over more support from the Chinese side on the other. It was within this civil war context that the Malayan Chinese Association (MCA) was established in 1949 with the encouragement from the British. The MCA, representing mainly the upper-class Chinese (merchant elites, professionals, educationalists, etc.), shared the fear of the Malay elite as the insurrection became fierce. By providing the welfare assistance to the resettlement scheme of half a million Chinese rural "squatters" into New Villages, the MCA greatly facilitated the recovery of domestic peace¹²³.

¹²² For details on the controversy between AMCJA-PUTERA's people's constitution proposal and Anglo-Malay proposal, see the Lau (1991): 212-249.

¹²³ Heng (1988): 101-104.

Thus, the MCA became the legitimate spokesmen of the Chinese interest in the following independence negotiation.

The political implications on the political development are worth noting here. Compared with Singapore's leftist drift in the post-war politics—those who played left were more popular, the UMNO and MCA on the peninsular demonstrated a potential rightist drift. This became more obvious as the internal order was gradually restored owing to their collaboration with the British authority. The communist movements were suppressed ruthlessly with less consideration for the loss of political support, which was quite different from the PAP's tightrope-walking strategy. This produced two outcomes. First, the internal order on the peninsular was restored in a more efficient way than that in Singapore. When Singapore still suffered from the leftist struggle in 1961, it was Tunku Abdul Rahman, the Prime Minister of Malaysia, who proposed including Singapore for the sake of internal security. Second, this right-ward tendency of the elite coalition implied that they would be more reluctant to employ bold institutional changes in the transitional period. Unlike the PAP's flexible use of the leftist strategy to mobilize mass support for reform, these right-wing parties only preferred closed-door elite bargaining and status quo in the power-sharing arrangements on the path towards independence.

3.2. Special Rights as Elite “Consensus”: The Formation of the Alliance in 1950s

The communist insurrection had induced fear in the elites from different ethnic groups, however, it was only in the following election practices that a communal rather than a multiracial elite coalition structure that firstly emerged in Malaya. The aggregation of disparate communal interests was a process of bitter elite bargaining. As a result, the communal political structure entrenched in the independent Malaya was a system that favoured the UMNO dominance in the Alliance and Malay privilege.

The first step in the Alliance formation was to eliminate its non-communal alternatives. It was interesting to note that the initial non-communal proposal was proposed by Dato Onn Ja'afar, a civil servant from Johore Bahru and the founder of UMNO during the Malayan Union crisis. As an influential national leader who was worried about the growing Malay communalism within the party, Dato Onn started to think about ways to achieve inter-racial harmony in an independent Malaya. After the unsuccessful attempts to convert the UMNO into United *Malayan* National Organization¹²⁴ by accepting non-Malay members, he resigned from the President position and decided to use his personal influence to build a non-communal party—the Independence of Malaya Party (IMP) in 1951. It was also interesting to note that he got support from Tan Cheng Lock, the founding leader of MCA, who had presided over the inaugural meeting and asked his son Tan Siew Sin to assist Dato Onn in the party organization¹²⁵.

However, he overestimated his popular support and underestimated the difficulty in building new party bases nearly from scratch. The support for IMP at elite level remained modest. Dato Onn was politically marginalized by the UMNO after he left the party. Leaders from MCA and MIC only show individual and informal support for him. Still, without a strong party organization, he decided that the nascent IMP should contest in the 1952 Kuala Lumpur Municipal Election. Given Kuala Lumpur was a Chinese majority city, he approached the MCA leaders for electoral support. The MCA's support for IMP was lukewarm and later they defected to ally with the UMNO. As a consequence, the newly established IMP was defeated by the UMNO-MCA coalition in this election, with the former winning only 2 of 12 seats while the latter obtaining 9.

¹²⁴ UMNO refers to United Malays National Organizations. The intended change from Malays from Malayans demonstrated Dato Onn's goal in building a national identity transcending communal identity.

¹²⁵ Vasil (1971): 38-57.

Though the decisions on IMP's formation and electoral competition were not made by a desperate politician expelled from UMNO, they turned out to be fruitless in putting a brake on the growing communalism, particularly among Malays. Perhaps more ironically, the failure accelerated the formation of a communal structure. It not only marked the demise of IMP as a non-communal party, but also the rise of UMNO-MCA coalition as a mutually beneficial vote-getting machine in a real election practice. From this municipal election, the prototype of later Alliance framework came into being, despite the disparate social interests of either communal parties in representation. In 1954, the Malayan Indian Congress (MIC) joined this coalition, and the UMNO-MCA-MIC trichotomy was clearly laid out¹²⁶.

The second step in Alliance formation was the establishment of elite bargaining pattern. It was one thing to jointly win the elections, but it was another to distribute the seats. The equal basis on which the elite power sharing rested was not a stable one. Although the MCA held great leverage in municipal elections like Kuala Lumpur, Penang and Malacca due to the large numbers of Chinese electorates in those cities and the party's great financial power, these advantages were no longer obvious in the Federal election in 1955. Due to the restriction on the non-Malay citizenship within the FMA framework, there was only 11.2% Chinese electorate vis-a-vis 84.2% Malay electorate during that election, though the actual portion of Chinese residents far exceeded this percentage¹²⁷. Thus, despite the fact that the Alliance swept the election with 51 out of 52 seats, the question of how much share the MCA should get put them at the mercy of the UMNO. Though the MCA was given 30% percent of seats in this election, this was not a share that could

¹²⁶ Ibid. 58-80.

¹²⁷ Ibid. 13.

render the MCA bargaining power. It functioned more like a political transaction in exchange for the Chinese collaboration (or acquiesce) in the Alliance. Consequently, in the following constitutional drafting for the independence, by acquiescing on issues like the “special position of the Malay rulers, Islam as the state religion, Malay as the sole national language, lack of official status for Mandarin, and special rights treatment for Malays”, according to Heng, “the MCA had, in fact, acquiesced to Malay hegemonic status in the new nation state”¹²⁸. This negotiated deal was later enshrined in the Article 153 in the Constitution, which read, “the Yang di-Pertuan Agong shall exercise his functions under this Constitution and federal law in such manner as may be necessary to safeguard the special provision of the Malays and natives ... and to ensure the reservation for Malays and natives ... as he may deem reasonable of positions in the public service (other than the public service of a State) and of scholarships, exhibitions and other similar educational or training privileges or special facilities given or accorded by the Federal Government...”¹²⁹

The Malay privilege was thus constitutionally guaranteed. Although there existed widespread discontent during the negotiation, the protest from the Chinese side¹³⁰ did not pose a challenge to the authorities at this time and was rebuffed by the British and the UMNO. Still, by making significant concessions on the political and cultural rights, the MCA obtained some protection of their commercial interests, as another form of special rights, which also reflected in the Article 153—“Nothing in this Article shall empower Parliament to restrict business, or trade solely for

¹²⁸ Heng (1996): 505

¹²⁹ Constitution of Malaysia, Article 153, available at <http://confinder.richmond.edu/admin/docs/malaysia.pdf>.

¹³⁰ This ignited the breakaway movement from the MCA led by a Perak-based Chinese-educated merchant Lau Pak Khuan, demanding the equal citizenship and official status of Mandarin.

the purpose of reservations for Malays”¹³¹. Also, a verbal commitment was made by Tunku Abdul Rahman on the potential review of Malay’s special rights article and eventual termination in the future¹³². As it turned out, this verbal commitment was never seriously treated and the special rights article was even developed into a nation-wide affirmative action for the Malays.

To borrow Vasil’s sentence, “the Alliance is a freak of history. But it has altered the course of Malaysian history.”¹³³ Two points with regards to this consociational framework needs to be noted here. First, the elite power sharing model was premised on the special rights division: the Malays dominated in the political sphere while the Chinese had significant economic power. The elite consensus, if there was any, revolved around the constant negotiation and division of these special rights. Exclusive patronage goods and special rights were legalized into the constitutional framework. Second, the preservation of exclusive patronage goods relied on a delicate power balance among each ethnic group and mutual respect. But the rapid modernization process inevitably introduced disruptive changes into the status quo (as the 1969 tragedy indicated). Within this context, there was little incentive for elite collective action for proactive corruption control to provide society-wide public goods.

3.3. The Initial “Ethnicization” of Bureaucratic Transition: 1950s-1960s

It was in this highly political communal environment that the bureaucratic transition was characterized by drastic ethnicization. As the British expatriate officers’ departure came close, who would take over the colonial bureaucracy to manage the independent nation-state became a critical issue, given the political salience of this system. Considering the Malays’ relative

¹³¹ Constitution of Malaysia, Article 153.

¹³² Heng (1988): 236.

¹³³ Vasil (1971): 10.

economic backwardness, ensuring the Malay control of the administrative system was deemed as a matter of their group survival in the shadow of the Chinese's economic superiority. As a consequence, ethnic consideration was given priority over pure merit.

Although a preference for Malays in the civil service was a British policy towards Malaya in general, the number of Malay civil servants grew slowly in the Malaya Civil Service and the British dominated the system for most of colonial time. Starting from 1953, the acceptance of non-Malays was justified for sake of more popular support against the communists due to the "Emergency". To balance the Malay interest against the immediate military pressure, General Templer, the then British High Commissioner, proposed a quota on the new recruitment: "I therefore propose that, as one of the safeguards, the number of non-Malay Federal citizens who are admitted into the Malayan Civil Service shall be limited to one for every four Malays admitted into that service in the future"¹³⁴. Tilman interpreted this quota system as "other things being equal, the average non-Malay in the MCS will be four times better qualified to fill his post than the average Malay"¹³⁵. As the Constitution was passed favouring the Malay privilege in the civil service at independence, this 4 to 1 quota was implemented in the whole public service system during the transitional period.

However, the actual result of Malayanization of the colonial bureaucracy during the 1950s and 1960s show a somewhat complicated story. The relative economic disadvantage of Malays determined that there were less qualified Malay candidates than non-Malays when it came to professional and technical positions. Facing such situations, the government made efforts to hire

¹³⁴ Puthucheary (1978): 53-54.

¹³⁵ Tilman (1964): 83.

more Malay candidates at the lower to middle echelons wherever applicable. By the end of 1960s, though not identical to the 80% dictated by the 4-to-1 ratio, the Malay occupied around 60% federal positions and 79% state positions, as can be seen in the table.

Ethnic Group	Ethnic Composition Federal Service	Ethnic Composition State Services	Ethnic Composition Federal and State
Malays	60.7	79.1	64.5
Chinese	20.2	11.2	18.4
Indians	17.4	8.9	15.7
Others	1.6	0.8	1.5

Table 3.3.1.¹³⁶ Ethnic Composition of the Federal&State

Public Services (Divisions I, II, III), 1969

The controversy around the localization of colonial bureaucracy went on heatedly throughout the whole process. The non-Malay resentment was mainly about the special privilege among a group of citizens: disproportionately more Malay bureaucrats relative to the nation-wide racial composition. But on the other hand, the Malay leaders complained that too many non-Malay officials dominated the civil service. This was later cited as a cause for the 1969 riot in the official document *The May 13 Tragedy: A Report*:

¹³⁶ Puthucheary (1978): 57. Adapted from Table 5.7. Figures are in percentages. There were four divisions in the positions which were associated with education quality and remuneration. Division I and II were expected to have college diploma. Division III and IV demanded less educational level.

Ethnic Group	Malays	Non-Malays
Total (Excluding Armed Forces and the Police)	36.26	63.74
Administrative Service	57.8	42.2
Professional Service	19.2	80.8
Education Officers	29.9	70.1
Police	38.76	61.24
Armed Forces	64.5	35.5

Table 3.3.2.¹³⁷ Figures Relating to Division One Government Officers by Racial Groups, as on 1st November, 1968

Although it is beyond this thesis's scope to delve into details about the localization process, the figures above provides a good explanation for the grievances on both sides. From the non-Malay side, their anger was understandable, as mentioned earlier. From the Malay side, their numeric advantage did not represent their substantial control of this administration, which reinforced their anxiety vis-a-vis the non-Malays: "The Malays who already felt excluded in the country's economic life, now began to feel a threat to their place in the public services. No mention was ever made by non-Malay politicians of the almost closed-door attitude to the Malays in non-Malays in large sections of the private sector in this country."¹³⁸

To ensure the Malay representation in the civil service is just one of the many cases in multiracial societies where certain quota system is introduced to protect different group rights. But the Malaysia (Malaya before 1963) case stands out differently. According to Puthuchear, first, the Malayanization of bureaucracy is not premised on representativeness of each group, but

¹³⁷ Malaysia. Majlis Gerakan Negara., Abdul Razak bin Dato, Hussein (1969): 22-23. Figures are the percentages.

¹³⁸ Ibid. 24.

the Malay dominance. Second, this affirmative action is not aimed at an ethnic minority group, but the Malay majority, which happened to be the disadvantaged group due to historical reasons¹³⁹. Thus, it is justifiable to conclude that the Malaysia's civil service itself is the patronage for the Malays, and the state administration has lost its "publicness".

Within this highly political context, it is reasonable to assume that the communal leaders cared more about the share of patronage they got in this administrative system, but less on the institutional unity and efficiency as a whole. Also, since the control of administrative system was equivalent to the Malay control, the general institutional building and corruption control were significantly delayed, if not totally ignored. In terms of legislation, by consulting the Singapore Prevention of Corruption Ordinance (1960), the Ceylon Bribery Act (1954), and the Hong Kong Prevention of Corruption Ordinance, the Parliament drafted and later passed its first anti-corruption law—Prevention of Corruption Act (PCA) in October 1961. Yet, it was until 1967 that a specialized anti-corruption agency was established to implement corruption control. The Anti-Corruption Agency (ACA) was supposed to perform three functions: to investigate and prosecute the offences according to the PCA; to curb corruption within the government; and to investigate the civil servants' misconduct based on the Public Officer Regulations. In a short period after its establishment, it built up public confidence under the leadership of its first Director-General, Harun Hashim. The agency received 6155 public complaints about corruption in its first year. The number of people arrested and the value of goods seized were disclosed through regular press conferences to the public. However, the bold steps generated fears among governmental officials that these might damage the government's image. The Prime Minister Tunku Abdul Rahman thus

¹³⁹ Puthucheary (1978): 58.

issued a decree that future press statements cannot be made without the approval of the Ministry of Home Affairs, the institution where the ACA located in¹⁴⁰.

These early institutional arrangements made the ACA quite different from its Singapore counterpart in two main aspects. First, the ACA lacked the political empowerment and institutional independence the CPIB enjoyed. Subordinate to one Ministry and with little freedom of action, the ACA had little to say on the “big fish”, which was a common critics raised by the Opposition. Both the DAP and PAS argued that the agency should only be answerable to institutions like the Judiciary or the Parliament and the appointment of its director should resemble a judge¹⁴¹. Second, the ACA was staffed by seconded officers mostly from the Police Force and did not have its own established personnel, a situation similar to Singapore’s CPIB in early 1950s. The less cohesive and ineffective corruption control institution did make the situation worse in the coming years. Facing mounting pressures from the opposition, institutional reform of the ACA was conducted in 1970s with less remarkable achievement, which will be discussed in following sections.

Perhaps a more significant impact of this ethnicity-based administrative system was its failure in promoting economic development, structural change and social integration. On one hand, the positions in civil service functioned as a Malay patronage to retain political control with little significant institutional reform to manage socio-economic activities¹⁴². Rather, the dominant

¹⁴⁰ Marican (1979): 604.

¹⁴¹ Ibid.

¹⁴² It should be noted that from 1965 to 1970, the Malaysia government conducted institutional reform based on two Harvard academics’ report—Montgomery and Esman Report. According to Ho (2002), this reform was premised on the belief that “the implementation of development plan was primarily dependent on the managerial and institutional capacities of the bureaucracy”(2002: 89). As it came late in this period, it could not save the socio-economic crisis and its impact on administrative style emerged in the post-1969 era. But limitations of this reform was obvious, which will be analyzed in section 3.6 in this chapter.

institutional “ethos” was a continuation of its colonial practice: *laissez-faire*. Although several pro-poor and pro-Malay policies in the North rural areas were implemented under the leadership of Razak, they neither sufficiently addressed the Malay economic issues nor enhanced social integration in a plural society on a national scale¹⁴³. On the other hand, as a counterbalance to Malay privilege in the public sector, the Chinese businessmen remained cohesive to protect their commercial interests in the private sector. Tan Siew Sin, the Minister of Finance and the leading figure in MCA, advocated the *laissez-faire* economic policies favouring the Chinese commercial interests. Partly as an effort to maintain the Alliance, Tunku Abdul Rahman dismissed the then Minister of Agriculture Abdul Aziz bin Ishak, who was a Malay of humble origin and criticized Tan Siew Sin about his economic policy¹⁴⁴. Thus, within the Alliance framework, the immediate post-independence Malaya witnessed an unchanged, if not reinforced, labor division along communal lines, combined with the Malay grievances over unresolved economic issues and Chinese grievances over the legalized Malay privilege. The disastrous unemployment rate in the end of 1960s added oil to the fire. An explosion of communal conflict seemed inevitable.

3.4. The Perpetuation of Malay Privilege: May 13 Riot, 1969

The election triggered the outbreak of the communal emotions, which culminated in the armed conflict and massive killings on May 13th. This section will briefly describe this event with a focus on its far-reaching impact: the transformation of the Alliance formula.

Even though the Alliance had dominated the political arena since independence, the political opposition never ceased to exist; rather, they flourished quickly. The aforementioned lack of a genuine elite consensus and responsiveness of the Alliance to the ever-increasing social demands

¹⁴³ Kuhonta (2011): 68-79.

¹⁴⁴ Heng (1996): 40.

left ample space for the opposition to maneuver. This in turn did greater disservice to the thin elite consensus. In the Malay representation, the Pan Malayan Islamic Party (PMIP, or PAS) emerged as an religious Malay party and accused the UMNO of making too much concessions to the non-Malay. In the northern Malay-majority states, the PMIP constituted a threat to UMNO's rural mass base. As for the Chinese representation, the ineffectiveness of MCA gave rise to more alternative options. Though they claimed to be multi-racial parties, both Democratic Action Party (DAP) and *Parti Gerakan Rakyat (Gerakan)* turned out to be de facto Chinese-dominant parties. The former was the successor of PAP after the Malaysia-Singapore separation and formally re-registered as DAP under the leadership of Lim Kit Siang in 1966. The social democratic DAP carried on the battling for a "Malaysian Malaysia", which attracted mainly Chinese masses who were displeased with the MCA. The *Gerakan* was formed in 1968 around several prominent opposition leaders like Lim Chong Eu, a former MCA leader who exited due to internal struggle, and Tan Chee Khoo, an outspoken "Mr. Opposition". It shared the non-communal approach with DAP, but was less successful in building mass base than attracting English-educated Chinese moderates as well as their Indian counterparts. As for the Indian representation, the People's Progress Party (PPP) was formed by the Seenivasagam brothers and successfully attracted both Indian and Chinese voters. Except for the PMIP, all the other opposition parties during this time were more or less multi-racial and drew support from the Chinese and the Indians¹⁴⁵.

The fragmented elite consensus was transferred into social mobilization in a dramatic manner. Within a communal framework, it is very difficult for the non-communal parties to resist the

¹⁴⁵ Von Vorys (1973): 251-264.

temptation of resorting to communal discourses. During the first two weeks, the most notable fault that the Alliance and the opposition parties found with each other was external dependence, a charge closely related to corruption. Tan Chee Khoo from the Gerakan suspected that one MP lost his renomination due to receiving funds from CIA in the United States. In the same fashion, the Partai Rakyat accused two Cabinet ministers of accepting CIA funds. The Alliance denied and charged the DAP of close ties with a foreign country (Singapore) and the PMIP of receiving the DAP's funding¹⁴⁶. In general, the opposition depicted the government as "dictatorial, corrupt, and a tool of special interest" in the early campaign, still, they were "not particularly unusual for a democratic campaign"¹⁴⁷. It would be insensible to dismiss all these charges as unfounded political tricks; rather, they indicated the existence of high-profile corruption cases.

However, the situation gradually went out of control as the election campaign became intense, despite that major parties refrained to assume communal tones at the beginning. At the mass level, both the Alliance and opposition parties lost their control over the campaign. One UMNO worker was murdered in Penang on April 20th and one Labour Party member was killed on May 4th. Although the former ended up in a quiet funeral, the latter triggered a large funeral procession among Chinese people in Kuala Lumpur. The election result in general confirmed the belief that the support for the Alliance was in decline, particularly Chinese support. At the national level, it only got 66 out of 104 seats, the first time below two-thirds majority since independence. In Penang, the turnover was dramatic, with the original 18-6 Alliance-opposition seats distribution shifted to 4-20. Though less dramatic, in Selangor, where the capital Kuala

¹⁴⁶ Ibid. 272-273.

¹⁴⁷ Ibid. 277.

Lumpur is located, the Alliance's dominance was ended with a 14-14 tie. These led to widespread belief among Malays that the Chinese had betrayed the Alliance and supported the opposition to challenge the Malay dominance. The situation was further exacerbated by the post-election procession organized by the DAP and *Gerakan* when the Chinese marched to the residence of Harun Idris, the Chief Minister of Selangor, demanding him vacate his place on May 11th to 12th. Slogans like the "Kuala Lumpur now belongs to the Chinese," "Malays go back to the Kampong (village)" were shouted during the procession. In the following counter-demonstration by the pro-UMNO Malays on May 13th, the brutal violence exploded all in a sudden. The official documents estimated a death toll of 169, most of whom were Chinese¹⁴⁸.

Just like Singapore four years ago, this communal violence generated by the democratic election enabled the ruling coalition's coercive control of those educated problems without. With the proclamation of emergency status again, the Parliament was suspended (from May 1969 to February 1971). A National Operation Council (NOC) was established to handle the political affairs instead. When the parliament was restored, legislations on election, internal security, freedom of speech etc were tightened to prevent the instigation of communal grievances. Sensitive ethnic issues, like the Malay special rights, non-Malay citizenship, national language, Islam etc, were prohibited from mass mobilization.

But unlike Singapore's ethnically neutral meritocracy, the authoritarian turn in Malaysia was explicitly legitimized by the dominance of ethnic Malays in the political arena. The power politics in aftermath of May 13th on both Malays and non-Malay sides greatly contributed to the revision of old elite collaboration formula. On the Malay side, the elite power struggles ended up

¹⁴⁸ Slater (2010): 120-122.

in the defeat of Tunku, who was accused by the Malay “Ultras” (eg. Mahathir Mohammad) for selling Malay rights, and the rise of Tun Razak, who took a tougher stance against the non-Malays. Consistent with the change was the institutionalized full-fledged Malay hegemony in the Barisan Nasional (BN)¹⁴⁹. On the non-Malay (Chinese) side, mass support was severely divided between the ruling coalition and the opposition. The MCA had even less bargaining power in the BN as more opposition parties (the *Gerakan*, PPP and PMIP) were co-opted into the BN coalition. The relative majority and more cohesive Malay support enabled the UMNO to assert dominance with less power-sharing. Just as Mauzy noted, the BN was actually “accommodation on essentially Malay terms”¹⁵⁰. Although the BN was a distorted version of the previous Alliance in terms of democratic substance, it actually simplified the political communications within the governing coalition. This centralized elite consensus rendered the government more political leverage to initiate and implement policies.

As the logical development of the Malay political dominance, the New Economic Policy (NEP) was launched to consolidate the Malay support. The policy objective was two-folded: “1) eradicate poverty irrespective of race and 2) to end the association of race with economic function.”¹⁵¹ Within the immediate post-1969 context, the first dimension was viewed as a more sincere attempt to address problems like poverty and unemployment. However, the wealth restructuring dimension of NEP were more controversial, as it privileged Malays in managerial training through quotas in state-owned and Chinese-owned enterprises, ownership stakes, and distribution of licenses and contracts, etc. These were essentially affirmative action for Malays to

¹⁴⁹ Goh (1971): 27-38.

¹⁵⁰ Mauzy and McGarry (1993): 110-111.

¹⁵¹ Kuhonta (2011): 91.

address their economic weakness, and became the target of criticisms. Scholars like Adam and Cavendish has demonstrated that the NEP had actually impeded the Malaysian economic growth, as Malaysia ranked third in terms of GDP per capita in East Asia (next to Japan and Singapore) when the NEP was initiated but fell behind latecomers like Hong Kong, South Korea and Taiwan in 1990s. The crucial factor was the ineffective state intervention in the economic development, which had nourished patronage networks and encouraged corruption transaction¹⁵². Thus, it could be argued that in the post-independence era, special rights as a development strategy served well for the post-1969 stability and certain degree of inter-ethnic equality, but the trade-off was higher corruption level and slower economic growth.

3.5. From Special Rights to Corruption: Public Service in the post-1969 era

As described before, institution building in the immediate post-independence era was characterized by an emphasis on ethnic dominance instead of a pure merit-based criterion. With the launch of NEP, the role of this ethnicized bureaucratic state in economic development was shifted from laissez faire to an active and transformative agent vis-a-vis the society. Politicians, bureaucrats and parties in the ruling coalition thus had more discretion in resources distribution during the policy implementation. Consequently, corruption problem became a more grave concern with wider social repercussions.

To begin with, the Malay dominance in the bureaucracy was reinforced in the post-1969 era. Consistent with the state-led development, the size of the bureaucratic state expanded. And consistent with the affirmative action of NEP, it was the Malays that were favoured to fill in the new official positions. For example, as documented by Crouch, the elite administrative service

¹⁵² Adam and Cavendish (1995): 15.

PTD¹⁵³, had expanded rapidly in 1970s, “in 1970 the PTD had 696 members, 86.6 of whom were Malays. By 1975 it had grown to 1568 members of whom 85.6 percent were Malays. By 1984 it numbered about 2500.”¹⁵⁴ Considering the initial quota system required a 4 Malays to 1 non-Malay ratio in recruitment, it was clear that the proportion of Malay officials exceeded 80 percent and kept constant above it. Moreover, the under-representation of Malays in professional services that the Malay politicians had complained about were no longer a problem due to the affirmative action in education. Among the four main professions, Malays constituted 83 percent of legal officers, 74 percent of accountants, 68 percent of engineers and 51 percent of medical officers¹⁵⁵, which in general exceeded their 53 percent share in the whole population in 2000. In short, the Malay control of administrative system was firmly established, both numerically and substantively.

This Malay dominated administrative system had far-reaching impact on the governance quality. From a normative perspective, the over-representation of Malays compromises its credibility as providing services for all Malaysians, especially for the non-Malays. Just as Esman, the adviser for the Malaysian government’s administrative reform, once noted that the Malay bureaucrats “are socialized to a sense of professional obligation to members of their own community”¹⁵⁶. Within the context of implementing affirmative action for Malays, petty tyranny and discriminatory practice against non-Malays largely went unchecked. “Lower ranking Malay civil servants have often been accused by the non-Malay public as practicing ‘racial discrimination’ in

¹⁵³ Perkhidmatan Tadbir dan Diplomati (PTD) is also known as Administrative and Diplomatic Service. Its prototype was the Malayan Civil Service (MCS), the colonial elite bureaucracy.

¹⁵⁴ Crouch (1996): 131-132.

¹⁵⁵ Abdullah Sanusi, Norma and Abdul Kuddus (2003): 82.

¹⁵⁶ Esman (1972): 355.

the way they discharge their duties vis-a-vis the non Malays. Their usual response to the criticism was ‘we are simply implementing national politics’.”¹⁵⁷ This lack of impartiality in handling hypothetically neutral administrative affairs further confirmed the belief that the Malay-dominant administration is in service of the Malay interest.

From an instrumental view, bureaucratic efficiency and governance quality are also compromised by Malay dominance. Even though some protection is justifiable, the unusually high Malay quota in public service creates extra protection of Malays from genuine competition from the non-Malays, dampening the incentives for better administrative performance and management innovation. This forms a stark contrast to the practice of concentrating the brightest ones in the top administrative level in Singapore and other East Asian miracles, which compromises its bureaucratic capacity. Again, as Esman noted in the 1970s: “There can be little doubt that the country paid a price in reduced administrative effectiveness. Administrative careers were denied to many talented non-Malays who were among the outstanding university graduates, while many Malays with marginal academic records, especially in the field of Malay studies, gained entry into the MHFS (Malaysian Home and Foreign Service).”¹⁵⁸ Perhaps worse, this over-protection in public service creates a vicious cycle by perpetuating the “Malay crutch mentality”, making it more difficult to dismantle the preferential treatment for an efficiency-oriented administration. A Malay civil servant soberly commented: “‘Solve the Malay problem, and you solve the nation’s problem’ says the conventional wisdom. So how will the Malay problem be solved when the leadership nurtures them to remain weak and uninitiated?”¹⁵⁹

¹⁵⁷ Hai (2002): 191.

¹⁵⁸ Esman (1972): 75.

¹⁵⁹ AB Sulaiman, “Malay-dominated Civil Service No Good to No One”, *Malaysiakini*, Feb 4, 2010.

Given the Malay dominance in an administrative system empowered as developmental agency, corruption and rent-seeking behaviours prevailed as Malays used their privileged power in exchange for economic gains, both among rank-and-files and upper echelons. At the lower rungs of the corruption “food chain” were those local officials who benefited less from the Malay special rights. Corruption is likely to take the form of extortion and bribery in this case. G. P. Means has provided a general example in public transportation. The Malay, who are favoured in licenses distribution for public road transport (buses, taxis and trucks) but had no motivations and business skills, would choose to transfer the management to Chinese and become the nominal director of the company (often, they can receive payments from this company). Although it is a common practice that local Malay policemen would demand extra payment from the drivers in their road inspection, the vehicles from these Chinese-operated “Malay-owned” companies “are especially fair game for such local ‘extortion tax,’ since it is difficult for a Chinese to make charges against Malay officials when his company is supposedly owned by a Malay.”¹⁶⁰ This is the “everyday form” of corruption transaction those non-elite Malays could make by exchanging their petty special rights and discretionary power for economic gains. The “big fish” at the top of the “food chain” are those Malay elites who have access to the state power like Malay politicians, top bureaucrats as well as their well-connected business groups. As Jomo has criticized in the mid 1980s, “with the NEP the state no longer merely played a supportive role for private capital; it moved to centre stage to become a medium for capital accumulation serving the particular interests of the governing class.”¹⁶¹ The bureaucratic state’s

¹⁶⁰ Means (1972): 49.

¹⁶¹ Jomo and Ishak (1986): 266.

increasing role in directing national development made the public sector more economically viable or at least the feasible stepping stone to the corporate world. Again, in the name of Malay special rights, the government significantly insulated these Malay bureaucrat entrepreneurs¹⁶² from the competition from Chinese counterparts as well as foreign investors. The latter in return would contribute to the government, or precisely UMNO, in the form of campaign contributions and additional informal payments. However, the excessive use of political patronage slackened the party-state discipline and gave rise to the unchecked personalist money politics. The intra-UMNO factional struggle became more intense in the mid-1980s economic recession, which split the UMNO into two. The former UMNO Treasurer and Finance Minister Tengku Razaleigh Hamzah left the party and formed the Semangat 46 to compete with the Prime Minister Mahathir Mohammad-led faction UMNO Baru. Although the Semangat 46 was defeated, the UMNO lost control of its corporate assets in this struggle. The privatization of these assets finally fell into the hands of party loyalties¹⁶³.

The state intervention in economic development in NEP became more ineffective in the late 1980s. But this was only a tip of iceberg of UMNO. With the strike of Asian Financial Crisis on Malaysia in late 1990s, intra-UMNO struggle was pushed to another height, igniting a broader social movement.

3.6. The Unsuccessful Attempts for Change

The NEP (1970-1990) represented the culmination of the politics of Malay special rights. New riches were fostered and corruption problem grew entrenched in the state institutions and society.

¹⁶² In 1970s and early 1980s, Malay business elites got promotion in state-owned enterprise and many of them were former bureaucrats, after the mid 1980s recession, privatization of these state assets began. For more details, see Searle (1999).

¹⁶³ Gomez and Jomo (1997): 122-124; Crouch (1996): 196-218.

As the growing corruption generated more intra-governmental disputes over patronage and wide social discontent, holding corruption in control became more urgent on the policy agenda in the late 1990s and early 2000s than it was in the 1960s.

3.6.1. The Civil Society's Solution: The Reformasi Movement

The most forceful challenge came from the civil society in the form of attempts to pressure the government for reform in the Asian Financial Crisis as well as the opposition parties to unseat the BN coalition in the 1999 election. Fighting against “Corruption, Cronyism and Nepotism”, the Reformasi Movement won mass support across communal lines. Still, this large-scale multiracial social movement failed to achieve their goals of more transparent governance. Although the gerrymandering, Mahathir’s personal manipulation and authoritarian control were to blame, a relatively weak civil society that lacked the capacity in collective action was not exculpated.

The key dispute among UMNO leaders centred on the approach to handle the crisis. On one hand, the more liberal minded faction, led by then finance minister, Anwar Ibrahim, was willing to accept the IMF’s “antidote” by pushing forward free-marketing corrective measures. On the other hand, the then Prime Minister Mahathir, a fervent nationalist, favoured selective bailouts and slower corporate restructuring in face of crisis, which were viewed as typical cronyism practices. And the funds for the controversial bailout plan came from the EPF, the workers’ compulsory savings, a proposal that trigger discontent among working class. However, as Anwar was dismissed by Mahathir for his set of solutions in September 1998, the policy dispute quickly became politicized and dichotomized as “good versus evil”. Anwar, a young, capable “new Malay” embracing socio-economic modernization, had a high popular approval. No less

important, though not ultra-clean, he maintained a relatively non-corrupt image in the UMNO, which had gradually renowned for its patronage politics. After the dismissal, he became more outspoken in different public lectures around the country, criticizing the corruption and cronyism in Mahathir's government. During the same time, he approached several NGOs and built more support. After organizing a mass rally on September 20th, he was arrested along with his several followers under the Internal Security Act (ISA). It was reported that he was beaten by the police when he was detained in ISA. Most ironically, the corruption charges that Anwar had made towards Mahathir before were imposed on himself in a November trial¹⁶⁴.

The detainment of Anwar, the police violence against him and corruption charges accelerated the mass mobilization by a wide range of social groups. Opposition parties like PMIP and DAP also joined in and extended their mass support at the same time. On the Malay side, the PMIP worked closely with NGOs like the Islamic Youth Movement of Malaysia (ABIM), establishing the Malaysian People's Movement for Justice (GERAK). On the non-Malay side, the NGOs like Malaysian People's Voice (SUARAM) joined DAP in forming the Coalitions for People's Democracy (GAGASAN). Although the GERAK was preoccupied with Anwar issue initially, both the GERAK and the GAGASAN had a lot in common in policy agenda: human rights and good governance, including repeal of unjust laws, expunging of corruption, freedom of the press, judicial independence, and social justice¹⁶⁵. In some sense, this mass movement signalled a growing social consensus simply from the policy agenda they had put forward. As former Deputy Prime Minister Musa Hitam commented, prior to Reformasi "any demonstration of any

¹⁶⁴ Slater (2003); Slater (2010): 211-221.

¹⁶⁵ Weiss (2006): 139.

nature in Kuala Lumpur or Penang would always turn racial. Even if they were against the government, they would burn the Chinese shops”, but this Reformasi Movement was significant in the sense that “it is more issue-based than racial.”¹⁶⁶

This broad-based social movement turned into election campaign in 1999 to unseat the corrupt Mahathir government. In April 1999, the party Keadilan (“justice”) was established under the leadership of Wan Azizah, Anwar’s wife. Although the Keadilan was founded to be multiracial, it was more successful in attracting those middle-class Malays, especially from the UMNO. These were people “who supported the Reformasi movement and the call for justice, democracy, and an end to BN dominance but did not feel comfortable voting for PAS (ie. PMIP).”¹⁶⁷ In other words, the political salience of ethnicity, especially on Malay side, was gradually overshadowed by the class after several decades of development. This middle-class issue-based Malay party contributed the formation of a more cohesive opposition across different races. In June, the Keadilan, PMIP, DAP and PRM (Parti Rakyat Malaysia) came together to form the Barisan Alternatif (BA) to contest in the coming general election. The election campaign generally continued to focus on issues advanced before: clean and accountable governance, social justice, multiracialism, enhanced democratic freedoms, and economic redistribution.

Despite the unparalleled popular mobilization, the BA was unable to replace the BN coalition. The election result indicated there was still a long way to go. The BN obtained 148 out of 193 seats in the parliament, a secure two-thirds majority, and exercised control over all states legislatures except for Kelantan and Terengganu. What the Reformasi movement and election

¹⁶⁶ Hwang (2003): 318.

¹⁶⁷ Weiss (2006): 141-142.

campaign had contributed greatly was a significant erosion of UMNO's seats in the BN. For the first time, the UMNO got less than half of the BN seats (72 out of 148, 92 in previous election). The decline in UMNO's support was corresponding to the rise of PMIP and Keadilan. The PMIP got more than half of the BA seats (27 out of 45) and the newly founded Keadilan also won 5 seats. On the contrary, the DAP, the pioneering Chinese-dominant opposition party, suffered from a fiasco (10 out of 45). In Penang, the Chinese majority constituency, the BA only got 3 out of 33 seats, and even the DAP founding leader Lim Kit Siang was voted out there¹⁶⁸. The signal was clear: Chinese voters defected in the collective action against BN.

The successful Reformasi mobilization lay in its multiracial issue-based agenda, but to certain extent, the BA's failure in unseating BN also lay in this nascent, skin-deep multiracialism. The newly emerged Malay middle class formed the bulwark of opposition in 1999 election, who wove the informal safety net for racial scapegoating against Chinese, the main constituent of opposition force in the 1969 election. Still, the opposition, as well as the underlying civil society remained divided, which is vulnerable to the racial manipulation of the dominant BN. The earlier Indonesia's racial violence woke up the bloody memory of 1969 in many Chinese minds. The government also took advantage of this opportunity by playing the race card. The DAP was accused of anti-Malay sentiment by the then Education Minister Najib Razak, recalling the stimulating factor of 1969 riot. Mahathir portrayed the BN coalition as safeguard against communal conflicts and warned Chinese the danger of supporting an Islamic party (PMIP/

¹⁶⁸ Ibid. 143-145.

PAS)¹⁶⁹. Under these pressure, Chinese voters were most frightened and cast their votes for the BN to seek protection.

Although the fight for good governance was laudable, what the Reformasi movement and 1999 election have accomplished, if not futile, are ineffective at best. Central to this abortive collective action is a weak society deeply divided along communal lines, which has its roots in the communal structure of a strong bureaucratic state since state-formation era.

3.6.2. The Bureaucratic State's Solution: Abdullah Badawi's Self-corrective Reform

With the selective bailouts and capital controls imposed by the Mahathir government, Malaysia successfully weathered the storm. But in the post-Crisis era, the side-effect of this crisis management became more obvious. First, as demonstrated in the 1999 election, it has alienated a significant number of Malays from lower social class. Second, it has dampened the confidence of foreign investors in Malaysia's protected market. Neo-liberal reform is thus deemed as necessary to restore the governing coalition's legitimacy¹⁷⁰. In 2003, Abdullah Badawi succeeded Mahathir as the new Prime Minister. Combating corruption and promoting integrity, as part of the neoliberal reform, were highlighted in the national political discourse. Phrased in Abdullah's own words:

"We need to enhance the efficiency of our institutions and continually strengthen good governance, transparency, and accountability. I have singled out corruption as a serious problem in our economy. We are taking this fight to the root and I have ordered systemic reform of the police force. New talent has been introduced to helm the management of strategic government-

¹⁶⁹ Slater (2010): 218-221.

¹⁷⁰ Case (2005).

linked corporations. Key performance indicators have been instituted in order to promote a high performance culture and extract greater value.”¹⁷¹

Accordingly, institutional changes and concrete measures were employed to achieve the goals. The Abdullah government began its anti-corruption campaign by introducing National Integrity Plan (NIP) in 2004. This comprehensive plan was designed to foster an ethical culture among all components in Malaysia: individuals, family, private sector, public administration, socio-cultural agencies, NGOs and politicians. The Malaysian Institute of Integrity (MII) was founded to facilitate the coordination and implementation of the NIP. As a complement of this NIP program, the Malay-dominant government also launched *Islam Hadari* as an attempt to balance the Islamic value and economic development. By emphasizing the “faith and piety in God, a vigorous pursuit and mastery of knowledge, a just and trustworthy government, cultural and moral integrity,” this scheme contributed the building of a responsible administration¹⁷².

More specific in terms of corruption, the Anti Corruption Academy was instituted as a training centre for officials from ACA, as well as the counterparts from other countries in Southeast Asia, demonstrating the government’s ambition in a more professional domestic anti-corruption and in pioneering the regional anti-corruption activities. Later, the Malaysian Anti Corruption Commission (MACC) was established at the end of Abdullah’s term. The MACC, modelled on the Hong Kong’s ICAC, replaced the original ACA. Within this new framework, the Chief Commissioner, the head of MACC, is expected to report to the Special Parliamentary Committee on Corruption, which will review the report and submit it to the Prime Minister¹⁷³.

¹⁷¹ Leong (2006): 204.

¹⁷² Siddiquee (2010): 160-161.

¹⁷³ Ibid. p. 161.

Even though the reform schemes demonstrate the Abdullah government's more comprehensive anti-corruption approach, the corruption problem has not improved significantly since then. As reflected in the data, the World Bank index indicates a slight improvement after 2009 while the Transparency International CPI indicates a deteriorating corruption problem during the same period, though both indicate a stagnation from 2004 to 2009¹⁷⁴. This can even be interpreted as a policy failure if the initial goal is taken into consideration: achieving a 6.5 CPI score in the TI has been the target at the launch of NIP, while the average from 2004 to 2011 remains 4.81¹⁷⁵. This unimproved, if not worsened, corruption problem is further reflected in the public opinion. For example, the corruption and power abuse of police "has reached to a point where the public fear that the police is criminal", and one report after public hearings indicated that the entire police force was "inefficient and corrupt."¹⁷⁶

When it comes to high-profile cases, more doubts are raised on the willingness and effectiveness of this anti-corruption activity. The political will in corruption control seemed ambiguous from the very beginning. On one hand, the Abdullah government has demonstrated its commitment by charging against several political and business elites. On the other hand, he retained four ministers who were the subject of strong allegations of corruption. As criticized by the DAP leader Lim Kit Siang, "if integrity and the perception of integrity are among the indispensable criteria for the selection of cabinet ministers, the first Abdullah cabinet has failed the acid test."¹⁷⁷ The anti corruption practice in the following years further confirmed that the

¹⁷⁴ See Figure 1 Chapter 1

¹⁷⁵ Siddiquee (2010): 161.

¹⁷⁶ Leong (2006): 205.

¹⁷⁷ Cited in Case (2005): 303.

government was unwilling to eradicate corruption forcefully. The government's reluctance in penalizing several key figures was demonstrated in a corruption scandal when the Internal Security Deputy Minister, the Director General of the ACA, Inspector General of Police and so on were known to be involved. Instead of conducting an overhaul of these powerful agencies, the government just let the relevant parties to investigate each other. More surprisingly, the investigation result turned out to be that all of them were clean¹⁷⁸. Consequently, the public lost their confidence in Abdullah government's anti-corruption measures. It is reasonable to treat the aforementioned institutional change from ACA to MACC as more of a measure to restore the public confidence in government's anti-corruption commitment than a sincere reassessment of the corruption problem. The newly established MACC, like its predecessor, failed to prosecute the those big fish, though busy with catching small fry¹⁷⁹.

The failure of the anti-corruption practice to match political discourse reflects a weak elite consensus on institutional reform. The entrenched corruption after several decades of development leads to a situation where "the elite itself is corrupt or it has chosen to protect the corrupt acts of individuals and groups associated with the elite who may be politically or economically crucial for preserving and perpetuating the power of the ruling elite."¹⁸⁰As the regime crisis faded away, the ruling coalition became more passive in eradicating corruption and grew more defensive against opposition's corruption charges. As a result, the government-led anti corruption activities maintain at a middle point between bold reshuffling of interest groups

¹⁷⁸ Siddiquee (2010): 164.

¹⁷⁹ Syed Jaymal Zahiid, "MACC: Malaysia now better than Hong Kong in graft fight", *Malaymail Online*, November 3rd, 2013.

¹⁸⁰ Cited in Ho (2002): 99.

and inaction against corruption. Although the high-pitch anti corruption at elite level is far less remarkable than that in Singapore, the relatively strong state allowed certain degree of institutional reform at lower level, which proved limited and progressed slowly. Although Malay special rights can no longer be the sole legitimate discourse for Malay elite to pursue their own interest, the UMNO-led coalition still have power over a fragmented society which lacks the collective action to unseat the corrupt government due to communal fear. All of these form a strange but quite stable equilibrium in which neither the bureaucratic state nor the civil society has the capacity to push forward much bolder anti corruption reform. Malaysia thus remains half-way clean and cannot progress further.

Chapter 4 Extension of the Argument & Conclusion

The previous two chapters have provided a contrast between Singapore's "meritocratization" path and Malaysia's "ethnicization" path in the post-colonial development. The comparison highlights the formation of different elite consensus, as reflected in their different elite bargaining patterns, at the state-formation juncture. This chapter will "test" the argument by introducing two additional cases: Sri Lanka and Hong Kong (prior 1997)¹⁸¹, and conclude with possible extensions for future research.

4.1. Sri Lanka: Civil War, Ethnic Special Rights and Corruption.

Sri Lanka resembles Malaysia in many ways, particularly in terms of a deeply divided society, as the relation between Sinhalese and Tamils are quite similar to Malays and Chinese. The post-independence development is thus characterized by communal conflict over the state patronage, but the Sri Lanka's story is a much bloodier version than that of Malaysia. The lack of elite consensus in state-building perpetuated ethnic cleavage and could not hold conflict in check. Consequently, Sri Lanka has been a war-torn place between Sinhalese and Tamil armed groups for about twenty years. The corruption control has been delayed. Worse still, to some extent, the rampant corruption feeds more conflict.

Paradoxically, it seems that Sri Lanka enjoyed more favourable conditions for the building of elite consensus than that Malaysia in the late colonial period. D. Horowitz has provided a good summary of these conditions. First, the Tamil minority made up only 11 percent in Ceylon's population (which is a portion that is even comparable to Malays in Singapore!) while the

¹⁸¹ I focus on the period before Hong Kong's return to China in 1997 for two reasons: first, the most important anti-corruption measures were implemented by the British colonial in 1970s and obtained great success; second, the post-1997 Hong Kong, though enjoys high degrees of autonomy, cannot exercise full sovereignty. The elite bargaining involves more variables from the mainland, and the social gap between mainlanders and HK residents are controversial in recent years.

Chinese constituted around one third of Malaya's population. Second, there had been a significant longer time, around one thousand years, of coexistence between Tamil and Sinhalese. By comparison, the Chinese immigrants in Malaya were far more recent and even their citizenship right remained controversial for a long time. Third, around the independence juncture, both the Sinhalese and the Tamils jointly fought in the Ceylon Defence Force and later the Ceylon Army, but the Malaya Emergency was more of a war between Chinese communists and Malay armed forces. Fourth, the colonial education system contributed to more intimate relations between Sinhalese and Tamil elites than the relations between the Malays and the Chinese in Malaya. Lastly, bargaining as a political culture in Ceylon was more conducive to coalition building than Malay discrimination against Chinese in Malaya¹⁸².

Still, the elite consensus shattered, along with the social consensus, in the post-independence era. The ethnic strife even escalated into a civil war since mid 1980s. Central to this tragedy was the failed attempt in sustaining a multiracial cohesive elite bargaining institution. Although the United National Party (UNP) was a multiracial party that included both Sinhalese and Tamil representatives at independence, it soon came to the end in the wake of ethno-nationalism in both groups. Political parties were thus institutionalized on the basis of ethnicity: Tamils left the UNP and joined the Tamil Congress or the Federal Party while the Sinhalese monopolized the UNP, the Sri Lanka Freedom Party (SLFP, more radical than UNP) and other small leftist parties. In 1956, when Sinhala was legislated as the only national language under the SLFP-led coalition, systematic discrimination against Tamils in public sector employment came into being. Just as the Onn Ja'afar and his IMP (Independence Malaya Party) in Malaysia have demonstrated, the

¹⁸² Horowitz (1989): 18-20.

communal structure is difficult to reverse once it was instituted. Although Prime Minister S. W. R. D. Bandaranaike from SLFP attempted to ease the tension by making concessions to the Tamil Federal Party, the pressure from UNP made the negotiations abortive¹⁸³. The following decades in general witnessed a growing number of preferential policies towards the Sinhalese at the expense of Tamils. Consequently, the lack of elite consensus perpetuated the existing social division through these discriminatory policies.

The policies in the public sector employment (civil service) and education had far-reaching impact on the following political trajectory. The Sinhala Only Act marginalized the Tamil civil servants in the administration system, though they were in general better educated than their Sinhalese counterparts. The affirmative action in governmental employment for Sinhalese led to a sharp decline of Tamil civil servants. For example, the percentage of Tamils in the General Clerical Service dropped from 40.7% in 1949 to 5.4% during 1978-1981 period¹⁸⁴. And for professional and managerial positions where the Tamils had advantage due to better education, the percentage of each also declined from 60% and 30% in 1956 to 10% and 5% in 1979¹⁸⁵. Compared with the Chinese in Malaysia, who could still benefit from the economic development and had more regional mobility in Southeast Asia to offset domestic discrimination, Tamils had far less occupational mobility beyond governmental posts due to a less-developed economy with an abundant, unabsorbed labor force. Thus, the battle for jobs in the government was more like a life-or-death struggle for the Tamils. The educational system, similarly, functioned as a mobilizing factor for greater inter-racial hatred than advocating reconciliation, as university

¹⁸³ Ibid. 22.

¹⁸⁴ Samarasinghe (1984): 178.

¹⁸⁵ Thangarajah (2002): 175.

admission favoured the Sinhalese and graduates could not find jobs¹⁸⁶. All these ethnicity-based preferential policies and the Sinhalese government's clientelism reinforced the Tamils' feeling of alienation. The conflict finally evolved into an brutal civil war in 1983 and lasted till 2009.

Consequently, the corruption problem spiralled out of control along with the civil war. Sri Lanka entered into a vicious cycle where "corruption fed wars and wars fed corruption"¹⁸⁷. In Sri Lanka, corruption in the government has taken the form of more than traditional money politics, but a "symbiotic relationship between criminal gangs and politicians"¹⁸⁸. The black society leaders would often do the dirty work, like the post-election reprisal against their patron's opponents, in exchange for the protection. And often, the police could do nothing against these gangs. If the prevalence of money politics indicates the degeneration of democracy, this Mafia-like phenomenon indicates the breakdown of law and order in a society. On the other side, though the LTTE (the well-known "Tamil Tigers") has accused the government of being irredeemably corrupt and portrayed themselves as non-corrupt, they do not occupy the moral high ground like they have claimed. This terrorist organization is by no means transparent. It was reported that in the 2004 tsunami they had illegally appropriated reconstruction and relief funds for their martyr families and the organization¹⁸⁹. Perhaps more ironically, the protracted war has become an "industry" that the government can make profit from. Corruption scandal exposed that four MiG-27 ground attack aircraft were purchased at an unreasonably higher price in 2006

¹⁸⁶ For more details, see Lange "When does Nationalism Turn Violent" on the comparison on ethnic conflict between Sri Lanka and Canada in Hall and Malešević (2013).

¹⁸⁷ I borrow Tilly's "State made wars and wars made state" formula, but as Herbst (2000) has demonstrated, not all wars can contribute to state-building. In Sri Lanka, the civil war was both a result of governance failure and an obstacle for governance improvement.

¹⁸⁸ Lindberg and Orjuela (2011): 213.

¹⁸⁹ Ibid.

even though the purchase proposal had been rejected earlier by the Sri Lankan airforce. And in the post-war era, there has been no decline in the defence-spending¹⁹⁰. Thus, to some extent, corruption perpetuated the war economy.

Like Malaysia, Sri Lanka has a deeply divided society and the government, dominated by the indigenous group, has embraced ethnicity-based preferential policies towards themselves. But unlike Malaysia, there is even no skin-deep inter-racial elite consociationalism to check against the dangerous ethnic conflict. The corruption problem thus grew along with the civil war, both of which were the results of state failure.

4.2. Hong Kong: A Colonial Meritocracy

Unlike the three countries above which enjoy full sovereignty, Hong Kong is the only case cited here which has successfully implemented self-corrective measures against corruption under the British colonial regime. Still, the Weberian bureaucracy remains to be the cornerstone of this achievement.

Like Singapore's CPIB, Hong Kong's ICAC is also a brand name of effective corruption control. Along with Singapore, Hong Kong has been ranked as one of least corrupt not only in Asia but worldwide. In some ways, Hong Kong is blessed with more favourable conditions than those in Singapore. First, it is much more homogenous with more than 90% of the population are Chinese while one quarter of Singaporeans are not of Chinese origin. Second, compared with the leftist and communal agitations experienced by Singapore in the post-war era, Hong Kong's society was significantly less political despite the large influx of Chinese refugees from the mainland. Rare mass mobilizations for independence or reunification with China existed in the post-war era until it was peacefully transferred from the British to the Chinese government as a Special

¹⁹⁰ Ibid. 215.

Administration Region (SAR). Third, while the PAP painfully rebuilt elite consensus in the factional struggles, the British authority governed Hong Kong without the introduction of competitive elections. The Governor exercised considerable power in civil servants appointment, as Miners has noted, “[t]he powers which were conferred on the Governor by the Letters Patent were awesome and could be compared to those once possessed by a King of England before the coming of democracy and the rise of political parties with ministers responsible to parliament.”¹⁹¹ To a great extent, politics in Hong Kong was equivalent to such authoritarian colonial administration, as often described by scholars as “administrative state” or “bureaucratic polity”¹⁹².

Still, these advantages did not lead to a clean government like that in Singapore, at least before 1970s. Actually, the corruption had become a serious problem by then. According to Bertrand de Speville, the former ICAC commissioner, “corruption was deeply rooted, widespread, generally tolerated and, in some sectors, highly organized. Every part of the public service was infected, especially the disciplined services (eg. the police, the customs service, the immigration department).”¹⁹³ There are four reasons for the rampant corruption, as he summarized in this report. First, the dramatic increase in population (mostly refugees from mainland) in the post-war era exert enormous pressure on the administrative system. Second, the Chinese immigrants, who generally expected the Hong Kong civil servants to be the corrupt counterparts they had experienced in China, were more willing to pay bribe to avoid harassment. This significantly corrupted the colonial officers. Combined with the colonial government’s monopoly over social

¹⁹¹ Huque, Lee and Cheung (1998): 21.

¹⁹² Harris (1988).

¹⁹³ De Speville (1997): 11.

service and the police's incapacity in curbing corruption, this problem largely spiralled out of control¹⁹⁴. Thus, the more homogenous and apolitical Hong Kong society seemed to be a liability rather than an asset in combating corruption at this stage.

The only advantage was a relatively unified and autonomous colonial authority, which was not factionalized by party politics or fully captured by the society in spite of rampant corruption. With the colonial regime remained quite stable, the localization of bureaucracy was implemented at a slow pace for a long time. And the rate was accelerated in the context of negotiations for transferring the sovereignty in 1980s¹⁹⁵. This smooth localization and transfer largely kept the British institutional legacy intact. An administration system resembling Weberian rational-legal ideal type was thus consolidated and deeply entrenched in Hong Kong. This formed the institutional basis facilitating effective actions against corruption. But it was not until the corruption scandal in 1973 that gave rise to a huge leap towards a clean government. On June 8th, Peter Fitzroy Godber, the chief superintendent of police and a former commander in Kowloon district, was brought under investigation by the Anti-Corruption Branch (ACB) within the Hong Kong police due to a large amount of wealth unexplained by his salary. However, he successfully escaped from Hong Kong before the investigation started. The loopholes and his superior position in the police system made his escape possible. This incident triggered widespread public discontent against the colonial authority. As one scholar has pointed out, had Godber not been arrested and convicted, it was likely that the social protests would developed into a crisis to the colonial regime¹⁹⁶.

¹⁹⁴ Ibid. 13-14.

¹⁹⁵ Huque, Lee and Cheung (1998): 18.

¹⁹⁶ Lo (1993): 88-93.

On October 17, Sir Murray MacLehose, the then HK Governor, decided to institute an anti-corruption agency independent from the corrupt police. And the ICAC was formally established on February 15, 1974. Unlike the response to corruption scandal in 1950s' Singapore, the British in HK adopted a comprehensive strategy against corruption, which bore more resemblances to the PAP government had made. The ICAC was directly responsible for the Governor, and independent in terms of "structure, personnel, finance and power". Beside the Operations Department specializing in investigation, the Corruption Prevention Department (CPD) and Community Relations Department (CRD) were established to implement corruption prevention by instilling in civil servants and the general public a sense of responsibility in building a corruption-free Hong Kong. While the CPD provided professional training programs for civil servants, the CRD conducted broader "education programs for the schools, the commercial and industrial sectors, and the public sector. It has also maintained close contacts with the mass media and district organizations to enhance the public's confidence and to mobilize their support in fighting corruption."¹⁹⁷Through the conscious construction, the homogenous Chinese society has thus been transferred into a collaborative partner of the colonial authority with high social consensus on a clean government. Before it was returned to China in 1997, Hong Kong had earned its reputation in effective corruption control both in Asia and around the world.

The Hong Kong case further demonstrates the necessity of elite consensus in reforming the state and shaping the society. The consolidated Weberian bureaucracy in the face of crisis became the institutional mechanism reproducing the achievement of anti-corruption battle at the critical juncture. It provides a simplified version of Singapore's meritocratization model, as both the elite

¹⁹⁷ Quah (2003a): 141.

and social consensus are more or less “given” or “conditioned” in the colonial Hong Kong, rather than painfully “negotiated” in Singapore.

4.3. Conclusion

Corruption is a disease that no state could be completely immune from. The paradox in every battle against corruption is the corrupt state has to get rid of the disease it is suffering from. Premised on that, corruption control is largely a constant state-led self-corrective reform. And it is the state characterized with high autonomous power that can effectively implement such reform. Only extreme cases like China and Vietnam have proved that social revolution could uproot the corrupt state apparatus in a violent and efficient way, but they turn out to be corrupt due to a lack of effective institutions to sustain the achievement beyond revolutionary zeal. Thus, this thesis employs a state-centric perspective in analyzing the different corruption levels. Within Weber’s “patrimonial—rational-legal” theoretical framework, the central argument is that a state on the basis of objectively defined merit (education level, working experience) rather than ascriptive criteria (ethnicity) is characterized with higher autonomous capacity in keeping corruption at bay.

Adopting a comparative historical approach, this thesis traces the processes towards corruption outcomes from the state-formation era, with special attention to the sources for the state’s autonomy in conducting corruption control. The multiracial, non-communal and more cohesive elite bargaining model, as exemplified by Singapore’s PAP, lead to the rise of a meritocratic state. At perceptual level, this creates a national identity transcending parochial communal identity and the national interest is not articulated in terms of group special rights. At institutional level, the concentration of talents in the state bureaucrats both cultivates a healthy institutional ethos and encourages an efficient management of socio-economic affairs. Corruption is thus largely

kept at a distance, or eliminated effectively once it has been detected. On the other hand, the communal consociational bargaining model, represented by Malaysia's (then Malaya) Alliance and later BN coalition is based on the negotiation and division of special rights. The state institutions thus lose its impartiality in serving the general public and lack institutional renovations in a less competitive environment. Consequently, the anti-corruption reform remains lukewarm and the pressure from the civil society is also limited due to communal division. As a test of the argument in broader geographical area, Hong Kong and Sri Lanka are cited and compared, reaffirming the difference between Singapore's "meritocratization" and Malaysia's "ethnicization".

In addition, several contributions that have been made (or are likely to be made in the future) merit to be highlighted before the end of this thesis. First, different from many quantitative, policy-oriented researches on corruption, the argument advanced here is largely a "capacity" argument, which focuses on why some states are capable to fighting against corruption while others are not. Using a macro, historical approach, this thesis has attempted to understand the "political" logic underlying the presence/absence of effective corruption control measures.

Second, this is a state-centric analysis on corruption, nevertheless, it is framed within the scope of state-society relationship. Specifically, how the elite consensus is formed in a divided society and how the elite consensus has shaped the society in return. As Singapore's story has demonstrated, the more cohesive elite collaboration has fostered a society with high social consensus against corruption. The perpetuation of ethnic special rights, on the other hand, has sustained a civil society with low social consensus in Malaysia. In the worst scenario, the failure in elite collaboration endangers the national unity, as can be seen in Sri Lanka's protracted

bloody civil war. Thus, how to accommodate diverse social interests, particularly the crucial minorities (eg. Tamils in Sri Lanka, Quebecois in Canada etc.) in the elite collaboration remains to be a topic for further investigation.

Third, since the cases chosen for study are mostly autocracies (except for Sri Lanka as a failed democracy), it is hoped that this thesis will provide a perspective in thinking about the variations within the authoritarian regimes, as well as their corresponding governance results. Rather than focusing on the nominal distinctions like party-based, military, monarchy and personalist regimes, this qualitative study places emphasis on the essential principles on which authoritarian regimes are organized around.

The recent news about corruption in both Singapore and Malaysia provide good snapshots of the difference elaborated in this thesis. And it would be interesting to conclude this study by juxtaposing them here. On June 24th, Phew Yew Kok was brought back to Singapore after being a fugitive for more than 30 years. He used to be a PAP MP and senior union leader, but was charged with “criminal breach of trust and misuse of union funds” in 1979. Still, he had to “face the consequences of what he did.”¹⁹⁸ On the other hand, the UMNO is suffering another legitimacy crisis, as the current Prime Minister Najib Razak is facing a severe corruption scandal. Exposed by the Wall Street Journal, the alleged USD 700 million in Najib’s account not only worsened the intra-party struggles but also shocked the public nationwide¹⁹⁹. Whether this will be a turning point for further reform remains to be seen. It is clear that while ruling coalition

¹⁹⁸ “PM Lee on Phew Yew Kok case: Singapore will not allow cover up even when it is awkward for Govt”, *Straits Times*, June 24, 2015.

¹⁹⁹ Bridget Welsh, “Corruption scandal divides Malaysia’s political elite”, *East Asia Forum*, July 24th, 2015.

in Malaysia is still plagued by blatant money politics, the Singapore state has demonstrated its willingness and capacity to maintain the cleanness.

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