



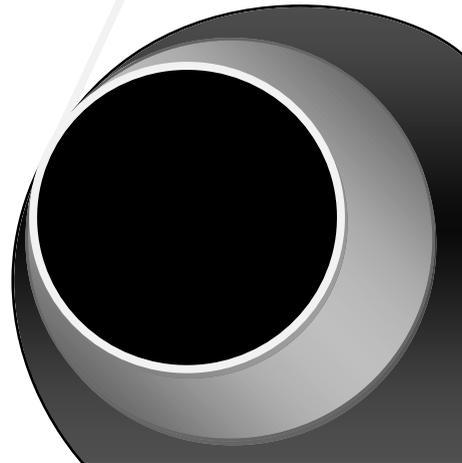
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# **A PERSPECTIVE ON THE ANTI-CORRUPTION ACCUMULATED FUND SYSTEM: AN EXAMPLE OF JIANGMEN CITY IN CHINA**

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## **Abstract**

This paper attempts to analyze the questions about the AAFS (anti-corruption accumulated fund system) of Jiangmen and corresponding constructive solutions. Especially, it investigates the content of the AAFS of Jiangmen City. The main finding is that there are four questions about the AAFS of Jiangmen city, such as fairness, impartiality, rationality and effectiveness. The paper suggests that in China, to develop the AAFS, the government should guide the public to face the AAFS squarely, enhance public participation and perfect relevant supporting systems.

**Keywords:** anti-corruption accumulated fund system, Jiangmen city, anti-corruption

**JEL Classification:** H4

## **Introduction**

Enlightened by China H.k., Singapore's economic anti-corruption experience, it began to explore the AAFS in some places of China after 2000. It is undeniable that the fund has a positive significance in the practice of anti-corruption, it blend the incentive compatibility principle of economics into the civil service pay system through the design of the system, make Chinese system construction go to economics thinking. Jiangmen city of Guangdong Province trail the AAFS on July 1st, 2010. it aroused heated debate. What make the AAFS fail, to where Chinese AAFS should go, these questions are worthy discussing and studying. This paper points out questions about AAFS from all walks of life in the trial period, and put forward the construction strategy of Chinese AAFS basing on these questions.

## **Introduction of AAFS**

There are different names in the area that carry out AAFS in China, such as "clean government earnest money", "clean from the police pension", "honest provident fund" and so on, but because the characteristics are the same roughly, so this paper will be collectively referred to as the AAFS.

AAFS is a kind of option, provident fund by both government and civil servants in accordance with the provisions of the proportion of monthly deposit payment, civil servant can get an anti-corruption accumulated fund, if he has no record of corruption before retirement and it is one form of high salary. Chinese AAFS is a reference to the Singapore Central Provident Fund, in order to achieve similar anti-corrosion effect with Singapore.

The AAFS has two functions. One is preventing corruption. Anti-corruption accumulated fund is the government and civil servants in accordance with the provisions of the proportion of monthly deposit funds to pay, civil servants can get this fund for condition that they are honest when retired. So anti-corruption accumulated fund became the cost of corruption , and anti-corruption accumulated fund amount increase yearly, so it make the civil servants' corruption cost increase year by year, this in a certain extent to prevent corruption. In China, the punishment for corruption are generally after the event management, AAFS is a pre corrosion and this measures that taking preventive can greatly reduce the corruption cost. The other function is encouraging incorruptible behavior. The current incentive mechanism of civil servant are most negative incentives, reflected on administrative punishment and criminal punishment to the corrupt behaviors, the negative incentive let civil servants generate occupational burnout. To a certain extent, although this negative incentive can prevent corruption, but lacking of humanistic care. AAFS it provides a method to solve this problem: civil servants as long as honesty in politics, not only can get the bonus, but also can get the large anti-corruption accumulated fund when they retired. It not only makes their retirement have abundant material security, but also can they get a clean reputation. Obviously, the AAFS has played two roles in material and spiritual motivation in the promotion of civil servants' incorruptible behavior.

### **Content of the AAFS of Jiangmen City**

Jiangmen municipal specialized issued Jiangmen AAFS trail scheme on July 1, 2010,clearing the "anti-corruption accumulated fund deposit, payment, and management and so on. According to the trial measures of Jiangmen city, anti-

corruption accumulated fund direct at the civil servants of Jiangmen municipal organs, and take volunteer.

The municipal finance funds included in the annual budget, and according to the principle of management responsibility is bigger, the greater the risk, the anti-corruption accumulated fund deposit standard according to the current position. And personal and municipal finance investment accounted for 50% each. When the individual positions lifted, the anti-corruption accumulated fund deposit standard make corresponding adjustments from the second month of notification time with the position change . When deal with wage changes, the units should handle the deposit standard changing formalities at the same time. Who abide by the provisions of Party discipline and not be punished, can cash 70% of the full fund after 5 years, the spare money are long-term funds that can't receive until retirement; but if he corrupted, the account funds should be deducted according to a certain proportion (50%-100%) and turned over to the state treasury.

### **Questions about the AAFS of Jiangmen City**

There are four questions,the first is fairness. The anti-corruption accumulated fund is actually a disguised raise behavior. In fact, civil servants have enjoyed the proper wages and benefits, and civil servants is representative of stable, decent, the treatment is generally higher than the majority of social class in the eyes of public. From most people's job choice behavior, it can be seen that civil servants are generally believed good work. Now if used the way of increasing wages in exchange for civil servants' honest service ,which will cause new problems of unfair distribution.

The second question is impartiality. The impartiality of a system should be displayed in participants diversity and democracy and in that system the makers, executors and supervisors must belong to different groups, and supervising each other in order to prevent the behaviors such as abusing power for personal gains. But the makers of AAFS and implementer and beneficiaries are all civil servants, so the system is difficult to convincing.

The third question is rationality. The implementation of AAFS means government should give the civil servant a reward while they fulfill obligations, this approach did not according to law, and is unworkable. If the public act of civil servants degrade to a full economic behavior, then the authority of law and morality will dissimilar due to financial incentives and people self-discipline behavior will become heteronomous behavior under the temptation of money. Since the implementation of the Jiangmen city fund system, some experts and scholars have proposed the rationality of the anti-corruption accumulated fund.

The forth question is effectiveness. There are two conditions if the civil servant want to receive full fund : one is retired, the other one is not corrupted on job. The retirement time is easy to check, but during the working period, whether there is corruption behavior or not need scientific evaluation system and supervision system as a support. But in fact, there is no a scientific and convincing evaluation system, it is not easy to judge whether there is corruption behavior or not during the working period; and the current regulatory system is not perfect, though some corrupted behaviors happened, they will not be punished for some officials shield one another. So the civil servants who are truly honest and whose corrupted behaviors are not be founded are all honest civil servants, can get the full provident fund after retirement. Although the

idea of the AAFS is good, but in reality there are not objective conditions that making the system play a role of anti corrosion and incentives.

### **Constructive solutions about AAFS**

Over the last 15 years. There are multiple places that trailing the AAFS or a similar system in China, but most did not establish long-term institutional architecture. Through discussing various questions about AAFS in Jiangmen city, it put forward the construction strategies about AAFS:

Firstly, to guide the public to face the AAFS squarely. The government should actively guide the public face the AAFS, because honest behavior of civil servants is contribution to society, and it is a service behavior to the society and the general public, and can promote the development of the economy of our country. The civil servants itself should also enjoy the results of this economic development, the AAFS gave them opportunities to enjoy the fruits of economic development brought by civil servants' honest behavior, so it is a kind of normal system design. Of course, at the same time, the government itself must reform the system and design the corresponding mechanism to restrict civil servants' behavior, and control bad style rigorously, let people feel civil servants really work honestly and serve to the masses selflessly, so that giving the civil servants a reward is deserved. So, as to fundamentally to let the public to accept and face up to the AAFS.

Secondly, enhance public participation. As the description of impartiality in the third part, the makers, implementer and beneficiaries of the AAFS are all civil servants, it is difficult to convince the public that the system is effective, so the AAFS must be added to the participation of the public. Government agencies

should actively listen to the opinions that how to establish an AAFS from public, and implement accordance with the system strictly. Besides, the public participation is particularly important in supervision. Because the civil servants is to serve the public, so the civil servants whether be honest or not, the public has the right to speak, so if you want to get the AAFS have the functions that preventing corruption behaviors and stimulating honest behaviors, it is necessary to introduce public supervision, and actively listen to the recommendations from the public. Let the AAFS running in the sun, to allow the public to feel the improvement of the quality of public service, let the public convince the system is reasonable.

Thirdly, perfect relevant supporting systems. It is understandable that AAFS to be as a innovation of promoting the construction of a clean and honest administration. However, it is only a part of the anti-corruption system, if lacking of other relevant supporting, the system is difficult to play the expected role. First of all, to establish a scientific performance appraisal system. It can be seen from the question of the effectiveness of the system that the third part pointed, civil servants can get full fund in retirement if he did not violate the law and discipline during working period, but there is no activities violating the law and discipline does not mean that he is clean-fingered, such as negative act cannot be attributed to the activities violating the law and discipline, but the negative act have serious impact on the social and economic development and the consequences caused by negative act is serious as the consequences caused by corrupted behaviors, so to establish a scientific performance appraisal system is a basic guarantee that excluding the civil servants who violate the law and discipline and have negative act. Secondly, we must establish an impeccable supervision mechanism. To play a better role, AAFS must depend on a strict supervision system. The arm of the law is more rigorous, corruption

is easier to be found and punished, so as to ensure the effectiveness of AAFS. These methods can be adopted such as making government affairs public, including opening policy systems, information about government affairs, civil servants' income to reduce corrupted behaviors; then strengthening supervision from public opinion and introducing public participation, In a word, it is a good way to use social forces to improve the performance in anti-corruption. Finally, to establish lifelong chasing accountability. It means that once the activities violating the law and discipline are being investigated, the full fund should be confiscated completely and the civil servants should receive an appropriate punishment, regardless of whether he was on the job or not and whether he had received full fund or not. The lifelong chasing accountability give civil servants powerful deterrent effect on material and spiritual, and make civil servants remain honest behavior all the way and then ensure AAFS is effective.

## **Conclusions**

This study shows that it shouldn't imitate the AAFS of China Hong Kong or Singapore blindly, imitating can only make the system fail, so the government should set up a series of local fund system according to our own national conditions. In China, to develop the AAFS, the government should guide the public to face the AAFS squarely, enhance public participation and perfect relevant supporting systems. And the issues mentioned in the article can not be solved overnight, the soil that establishing an AAFS conforming to Chinese national conditions need to cultivate gradually.

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