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**SPEECH BY MR LEE KUAN YEW, SENIOR MINISTER, TO THE
NTUC AT THE SINGAPORE CONFERENCE HALL ON 19 JULY 1996**

Singapore's special circumstances

For over 37 years, since 1959, Singapore has had only one government. From the 1970's, more than 20 years ago, I brought younger men into the government and gave them responsibilities to gain experience to run the country on their own. This they have now done after I stepped down in 1990. The core members of this team had gained experience for 10 to 18 years before 1990. Without this long and careful preparation, the team now in government would not have been able to take over without any lowering of performance in the economy and in the administration. That process is continuing as the second generation leaders in turn prepare younger members to take their place in the next 10 years.

2 Throughout this 37-year period, Singapore has progressed. There were two basic factors that ensured this progress:

- (1) a government which was clean, free from corruption and capable. It gained in experience and improved in judgement as it progressed;
- (2) a people who were united and worked together with the government to overcome difficulties that the

country faced, and who backed tough government policies to overcome those difficulties.

3 We have built up organisations and established special relationships to meet the special needs of Singapore, like the NTUC and the National Wages Council. The NTUC, the NWC and the employers organisations like SNEF and the SFCCI have made for sustained co-operation on a fair basis between unions, employers and government. For 30 years, we have had industrial peace with fair play for the workers and increasing productivity for employers and the government. Similar organisations in other countries do not have such special relationships. You have read of the troubles in France and Germany where Unions strike and demonstrate against the Governments which had cut welfare benefits that are crippling the economy and causing jobs to be lost as factories relocate to lower cost countries.

4 NTUC's and our workers' contribution to the growth and prosperity of Singapore has been immense. You need only read the yearly reports by international agencies like BERI and WEF who rate our competitiveness as No. 1 or No. 2 and give our workers No. 1 ratings.

5 In return every worker owns his own home, a home which increases in value year by year, and unless there is a setback in the world's economy, will double in value in the course of the next 10 years, with HDB's interim and main upgrading programmes. Every worker has

his CPF account and POSB savings, which increase each year. Every worker has share-holdings which will also grow every year. Life for everyone has improved with better infrastructure: roads, flyovers, tunnels, MRT, light rail, better schools for the children, kindergartens, community centres, parks, jogging tracks, recreational centres, hospitals, a whole host of facilities like Pasir Ris Resort and Orchid Country Club which make life better for ordinary workers.

How secure is the future?

6 How secure is our future? I believe we will continue to progress, provided we still fulfil those two conditions I have listed: honest and capable government and a united people pulling together with the government and management. Singapore is not an ordinary country. Singapore was a trading and military outpost for the British overseas empire. The British made it the administrative and commercial centre of their empire in South East Asia. From Singapore, British Governors ruled Malaya, the Borneo territories including Brunei, Cocos Islands and Christmas Islands. The Governor in Singapore was also High Commissioner of the Malay states.

7 We became independent by a stroke of destiny - when we were asked to leave the Federation of Malaysia. We were like a head without a body. We had to make enormous efforts to overcome our disadvantages of small size and no natural resources. We maximised our geographic location, built up our infrastructure, upgraded our

manpower and made our people relevant to the needs of international trade, industry and services. To compete and survive with no natural resources, we have to be better trained, better educated, better organised, and equipped with better infrastructure. We need that extra effort to keep ahead and afloat.

8 Now our neighbours are building better infrastructure and will catch up on us. Whatever we do they are doing or will do. So we have to be better at doing things, using the same machines, (e.g. SIA, MAS, Garuda all use Boeings) and supported by similar infrastructure. Otherwise we will not be able to get any business at all, whether it is container ports, airports, telecoms, banking and financial services centre, OHQ, wafer fabs factories or whatever else. Whatever project we launch, competition will come almost immediately from Malaysia, and then from Indonesia. So that extra effort, that excellence and higher productivity is crucial. It has been the Singapore way of life, the way we have survived without resources and with only a small population as our market. Either we are Number 1, 2, or 3, or we do not exist at all, whether it is Singapore Airlines, Singapore Airport, PSA, SingTel, SingPower, or Singapore Technologies. The older workers know that. The younger sometimes forget this, seeing only how prosperous and stable Singapore has become.

9 Singapore's continued existence and prosperity depends on the commitment of the people to society, especially those in charge of government, of the professions, or of business. They must place the

interests of society above their own, for they carry the heavier responsibility of ensuring the well-being of the whole society.

10 Those who have benefited most, in whom society has invested the most in education, training and scholarships, have a special obligation and a duty to society. Their fellow citizens who have not reached the higher levels of the education ladder, have to depend on those who have. It is the better educated who must take the country forward.

11 After many years of comfortable growth, we have bred a younger generation quite a few of whom are too ready to put self before community. Their sense of obligation to society is much weaker than that of their seniors in the 1960's and '70's. The generation now in their early thirties and younger who have done well on scholarships, take society's investments in them for granted because there are so many more scholarships on offer now than in their parents' time. They do not realise that it is the total society, the efforts of everyone, that have produced the resources to pay for them to reach the top. They now concentrate on their own lives and forget their wider social obligations. They have less sense of service to the nation, which an earlier generation that grew up in hard times in the 1960's and 70's felt and still feel. We have to remind them that they would never have got where they are but for the special investments society made in them.

12 Those nations succeed where the elite fulfil their responsibilities to ordinary people. That is why Japan has been so successful for so long. The Japanese at the top of the pyramid act as

trustees, custodians and guardians for all their workers and their workers' families, who can only depend on them. Where those at the top do not have this sense of trusteeship, the country is in deep trouble, like Zaire (Congo) where President Mobuto has stashed away billions in Europe, pilfered from the diamond and gold mines, and other precious minerals. And in Nigeria where billions of dollars from their oil fields have gone to waste when they have not been stashed away abroad.

13 This social glue which holds a society together is the crucial factor which decides whether a society endures, overcomes its problems and provides a satisfying life for all. To strengthen this social glue, we must resist the present tendency of the successful to seek status and snobbishness, and to disassociate themselves from the less successful in where they live and where their children go to school. If all the successful want to move out of HDB flats or out of HDB areas for private condos, they unwittingly accentuate social stratification. We should not carry this segregation too far. For Singapore to succeed, our society must be cohesive and our system must be fair and must cater to all, based on merit, not on money or social status. This is why, we give scholarships to the top 25% of PSLE students and so ensure that all independent schools have students from all social groups,. The same principle applies to entry to our polytechnics and universities. For the same reason, in a different context, we have MP's and Admin Officers working in NTUC to add to its capabilities.

14 We must facilitate social mobility. We have to keep our ease of relationships between the more successful and the less

successful. This was the strength of Singapore society of the 1940's to the '80's. We will become a weakened and divided society if we view residents of private condos as inherently superior to residents in HDB estates. We have dedicated ourselves in our national pledge to give equal opportunities to all, regardless of race, language or religion. We are all the descendants of poor people from India, China, Indonesia who have come here to make a better life. All of us who have succeeded have relatives, brothers, sisters, cousins who have not done so well. We owe it to them to ensure that the interests of the less successful are catered for. For this reason the government is determined, through the upgrading and the rebuilding of whole HDB town centres, to ensure that the majority of our people are not considered sub-citizens because they live in HDB towns. We will ensure that HDB estates are comparable to the private estates. And when we can get social behaviour to change with the upgrading programme, stop people from littering, and other anti-social behaviour, we will close the gap in gracious living.

15 To keep the social glue strong, we have given our workers equal access to holiday resorts, country clubs, bungalows and chalets in Sentosa and abroad, similar to what the more successful enjoy. These are special features of Singapore society, easy relationships between the children of the poorest and the richest.

16 We must always remember we are not an ordinary country like Australia, or New Zealand, or Canada, or Britain, or the USA. There people can vote for one party or another, and life will go on. If

we do that, the Singapore miracle will come to an end. Put the SDP and/or the WP into government and you will see Singapore become like Cinderella and her coach when midnight comes - the coach will turn back into a pumpkin. There is no other party who can run Singapore the way it is run. There are not enough men and women with integrity and ability willing to come forward to be that alternative government. So our opposition figures since 1965 are not credible.

17 All this has been achieved because we have had continuity of policy throughout the 37 years of the PAP government, continuity between the first generation team of Ministers that passed the baton over to the second generation of Ministers without a break, and without a drop in standards.

18 Like many other countries, Singapore went through a tumultuous era after World War 2. In India, China and Vietnam, great revolutionary leaders like Gandhi, Nehru, Mao Zedong, Deng Xiaoping and Ho Chi Minh, selfless and self sacrificing, have been followed by ordinary men, mortals. Their government officials or cadres have succumbed to corruption - a great pity. The noble and lofty ideals that these independence heroes fought for have been abandoned. Fortunately this has not happened in Singapore. We must never allow it to happen.

19 Singapore must have honest and upright Ministers. Clean and corruption free government is our most precious political and economic asset. Once lost, it is difficult if not impossible to retrieve it.

Ministers who deal with billions of dollars cannot be paid low salaries without risking a system malfunction. Low salaries will not attract able men who are or can be successful in their professions or business. Low salaries will draw in the hypocrites who sweet talk their way into power in the name of public service, but once in charge will show their true colour, and ruin the country. This has happened in many countries. We need dedicated and committed Ministers, but we cannot require them in today's social climate to sacrifice like a Mother Theresa. Sacrifice for country must be within a realistic setting of present day Singapore. It is like our National Day Parade. In the 1960's we gave the marchers soft drinks and cakes. Now they are fitted out in the best T-shirts, jeans, and jogging shoes. Ministers' wives and children are normal human beings, who have normal aspirations like the wives and children of their husband's peers. We have to recognise the different social climate after many years of prosperity.

20 In the last 15 years as our economic circumstances improved and social attitudes changed, I moved ministerial salaries towards the market salaries for top executives and professionals to keep up with the times. The challenge of survival in the early revolutionary years, when it was do or die, has passed. It was impractical to depend solely on the spirit of national service to get good men and women to serve in government. If Ministers were just ordinary people with average capabilities, Singapore would have failed. High performance in any organisation depends on top class leaders. Microsoft came up from scratch in less than 20 years to become a multi-billion dollar business

because it had a great entrepreneur with a top rate mind in Bill Gates. Chrysler Motors would have gone bankrupt had they not found Iacocca, a great corporate leader, who rescued Chrysler and turned it around. It is better to work for a company with a top quality CEO than a mediocre one. So it is safer to be in a country with top quality men and women in charge. But amazingly throughout most of the contemporary western world, leaders in government require no special training or qualification. Many get elected because they sound and look good on television. The results have been unhappy for their voters.

21 In Singapore we have made sure that before Ministers are put in charge of the government, they are first trained and tested. This has ensured Singapore's continued success. The second generation leaders had been tested and had proved themselves before they took charge. They had proved they were able to analyse problems, plan solutions and implement them. They have imbibed the experience of the first generation leaders and learned from past mistakes. Running a government is more difficult than running a company, because a Minister needs to be able to run a Ministry and to persuade people to support tough policies. Ministers who cannot persuade people to support their policies must fail.

22 For the past several years I have been urging the Prime Minister, Goh Chok Tong, to change from fixed salaries to a formula which pegs and links the salaries of Ministers, judges and civil servants

in government to the private sector, to pay them 2/3 of the salaries of the private sector top executives according to income tax returns.

23 Editors in SPH who are in touch with public opinion told me that the people accept the principle of pegging Ministers' salaries to the top men in the private sector, but to many people the top salaries are too large. So I called for the Income Tax figures, minus the names, but giving the occupations. The figures show how much Singapore has grown and how big Singapore salaries and incomes have become. (Read data on political salaries).

24 Therefore the pay of civil servants, the permanent secretaries and their deputies, judges, government engineers, doctors, have to go up. The total sum paid to Ministers and Ministers of State is still small money, \$23 million for 1996. Bear in mind that our GDP for 1995 was \$121 billion. Real growth this year is expected to be 8%, making for a GDP of more than \$130 billion. When I first became Prime Minister in 1959, our GDP was \$2 billion. My colleagues and I made it grow to more than \$130 billion. After discounting for inflation, this is an increase of 20 times in real terms.

25 No lawyer complains about the pay of judges, which is 2/3 of what good lawyers earned two years ago. The Chief Justice gets \$1.4 million. A top lawyer makes more than \$2.5 million. The Chief Justice does work of more importance, and of greater value to the country than the best lawyer in town. The Prime Minister does more important work

than the Chief Justice. He should not be the Prime Minister if he is not capable of doing the job, and that goes for the other ministers.

26 As Singapore prospers, especially at a time when the whole region is booming, private sector salaries are going up for top men. The incomes of very successful Singaporeans, those with top professional skills, managerial ability, business acumen and drive, will rise much more. This group are the 5% to 10% of the population that are well trained, professionally qualified or resourceful. Not all Singaporeans can become entrepreneurs or professionals. But given the proper training and education, nearly all can become skilled technicians or workers. Although not doing as well as the entrepreneurs and top professionals, they too will be in demand in the global economy and will do well.

27 Pegging salary scales to the market means that when the market turns down during a recession, and the salaries of top men in the private sector go down, so will those of the Ministers, with a two-year time lag. And every year the Prime Minister has to make an appraisal of the work of his Ministers to decide the performance bonus. He has to judge their standard of work, he consults his inner team to cross check on the quality of their work. He has to monitor their work. It is quality control.

28 In the end, after all the arguments, you have to go by the person whose judgement you can trust. You know my judgement has been tested time and again in the last 37 years since 1959. I know

Singapore as it was in 1950's, and how it got from riots, disorder and heavy unemployment, to what it is today, stable and prosperous with full employment and high wages. I know what it needed to move Singapore ahead in the way it has progressed.

29 The crux of the problem is an emotional one. People in Singapore have got so accustomed in the last 30 years to Ministers being paid well below their private sector pay and having to sacrifice to take office, the thought that a Minister is paid 2/3 of the best 24 in the private sector arouses unhappiness, even envy. I cannot solve these emotional reactions by argument. In my judgement, the long term consequences of continuing with the old system will be a lowering of the quality of people entering politics and taking office, and gradual but inevitable corruption that will creep in as mediocrities as Ministers exercise immense powers over our resources of \$127 billion increasing at 8% every year. They will end up with side benefits, as happens in nearly all countries in Asia. (Compare our MRT with Taiwan's and Thailand's).

30 I have bucked and gone against popular sentiments and conventional wisdom on several major issues in the past and been proved right. For example I decided that individual accounts (CPF) for retirement was right and rejected the buffet or collective pension fund which has got the advanced countries into grave financial difficulties. I have also instituted individual accounts for Medisave, plus insurance cover for Medishield against catastrophic illnesses. It has proved right

as against the problems which free medical service like the National Health Service in Britain or France or Germany has brought them, or the open system of private insurance in America. (Lancet praised our Medisave).

31 What I did was against popular thinking in Singapore at the time, thinking which was influenced by what Britain and Europe were doing then. Time has proved me right. Time will prove that I am right that Ministers should be paid 2/3 of their private sector counterparts' salaries of two years ago. This is the way to ensure that our government and system stay clean and honest, with able and dedicated men, who can stay in office for several terms, and develop the judgement that comes with experience. You need Ministers who will work for the public benefit, without having to worry about their families, or worse put aside a private pension for them. If salaries pegged to the market do not work, then not much will be lost, except a few million dollars. Singapore can always go back to the old system of paying Ministers much lower than the market rate, and hoping for the best. World-wide, this has been shown not to have drawn in the best into government. The best in America become corporate chiefs, CEO's of top corporations, each an empire. The same thing is happening in Europe and in Japan. In Asia, becoming ministers has become big business. Businessmen supported by racketeers and with large funds, get elected. Then they have to repay their friends with lucrative contracts and also recoup their expenditures. Seldom do they have the

ability to run the economy. The results for the economy and for the people have been dismal. If in spite of market pegged salaries we get mediocrities in government, then Singapore can go back to mediocre wages for mediocre Ministers. At a next election, the opposition can offer to be the government for one-half or one-quarter of the price. But ask them to name their would be Prime Minister, Minister for Finance and Minister for Defence. Singaporeans can then choose.

32 I have gone through many difficulties and crises and taken Singapore to where it is today. This pay is realistic and necessary to keep honest and able Ministers in office for several terms. This is the way to ensure that your properties will double in value in the next 10 years, with the main and interim upgrading programmes, with better infrastructure in an extended MRT, the North East line, with light rail systems in more new towns, with tunnels to allow more cars on the road, and ERP. Good government will make your shares and stocks double and treble in numbers and in value. Your incomes will double in 10 years, and the Singapore dollar will increase in value and make your holidays and our imports cheaper. Our asset-enhancement programmes - Edusave, Share Ownership Top-up (SOTUS), and HDB upgrading - have increased your security against future contingencies.

33 On the contrary, a corrupt and incompetent government will destroy everything we have built in the last thirty-seven years. Everything will go down: the value of your Singapore dollar, the value of

your properties, your stocks, your savings, your jobs, and your children's future.

34 Please do not forget, we are not an ordinary country. Ordinary men cannot run Singapore. If my old guard colleagues were ordinary men, there would not be today's Singapore. The key leaders in this present government are not ordinary men. The old guard had spent many years to select, train, test and prepare them for the job. And they have shown their ability to adapt and make the system work under changed conditions.

Data on Political Salaries

1. Ministers' salaries are based on a private sector benchmark, the average of the top 4 earners in 6 professions or sectors – bankers, accountants, engineers, lawyers, local manufacturers and multinational corporations (the "Ave24" figure)¹. The target is for a Minister at the Staff Grade I salary grade to reach 60% of Ave24 by 1997, and two-thirds of Ave24 over the longer term.

2. This year, the Ave24 figure, based on earnings in 1994, reported to IRAS in 1995, is \$1.5 mn. The actual individual incomes making up the benchmark, which have been verified by the Auditor-General, are as follows:

Table 1

	No.1	No.2	No.3	No.4	Average
Bankers	1,894,000	1,446,000	1,423,000	1,323,000	1,521,000
Local Manufacturers	3,637,000	1,574,000	1,547,000	1,472,000	2,058,000
MNC executives	1,817,000	1,655,000	1,129,000	1,127,000	1,432,000
Lawyers	2,812,000	1,755,000	1,459,000	1,375,000	1,850,000
Accountants	1,492,000	1,469,000	1,428,000	1,427,000	1,454,000
Engineers	920,000	729,000	514,000	496,000	665,000
				Ave 24	1,497,000

3. When we proposed the benchmark in 1994, there was some criticism that choosing the top 4 in each profession was too few, and that their salaries would not be representative of other high flyers in the

¹ For convenience, we refer to "the earnings of the top 4 in each profession". But this is not strictly accurate: (1) because we consider only the principal earned income of the individual, not his total earnings. Most of the high earners have other sources of income; and (2) the 4 individuals identified this way are not the ones with the highest total earnings. See also note to Table 3.

same profession. However, the figures show that these top 4 salaries per profession are not exceptional outliers. Compared against the list of top 1994 earners of all professions (excluding expatriates, people in speculative trades, etc.) they are not right at the top, but quite low down.²

Table 2

	Earnings (\$)	Ranking
Bankers	1,894,000	19
	1,446,000	46
	1,423,000	49
	1,323,000	65
Local manufacturer	3,637,000	5
	1,574,000	34
	1,547,000	35
	1,472,000	43
MNC executives	1,817,000	23
	1,655,000	30
	1,129,000	103
	1,127,000	106
Lawyers	2,812,000	9
	1,755,000	27
	1,459,000	45
	1,375,000	57
Accountants	1,492,000	40
	1,469,000	44
	1,428,000	47
	1,427,000	48
Engineers	920,000	178
	729,000	308
	514,000	705
	496,000	764

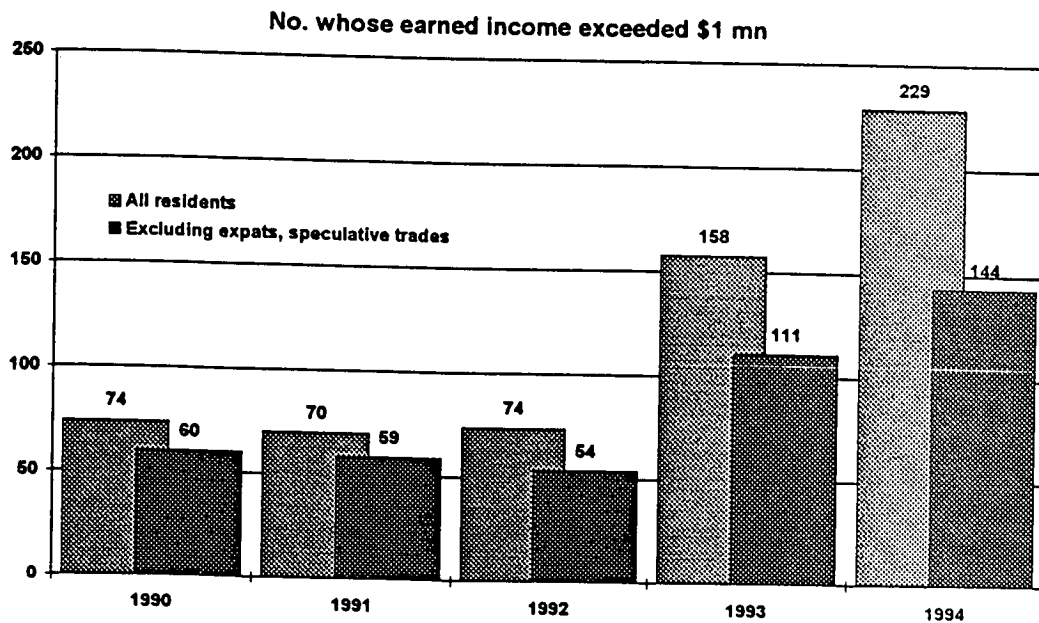
² Engineers especially rank quite low. But this is because we have only used engineers who continue to practise the profession for the benchmark. Engineers who have gone on to become businessmen or managers have not been considered.

4. Another technical criticism of the benchmark was that the top 24 individuals vary from year to year, so the comparison is not with a fixed group of people. The fact that many earn more than the "top 24" shows that this does not matter very much. In any case, the group of Ministers is also not fixed, but changes over time; and any comparison with a percentile figure must involve a different group of individuals each time.

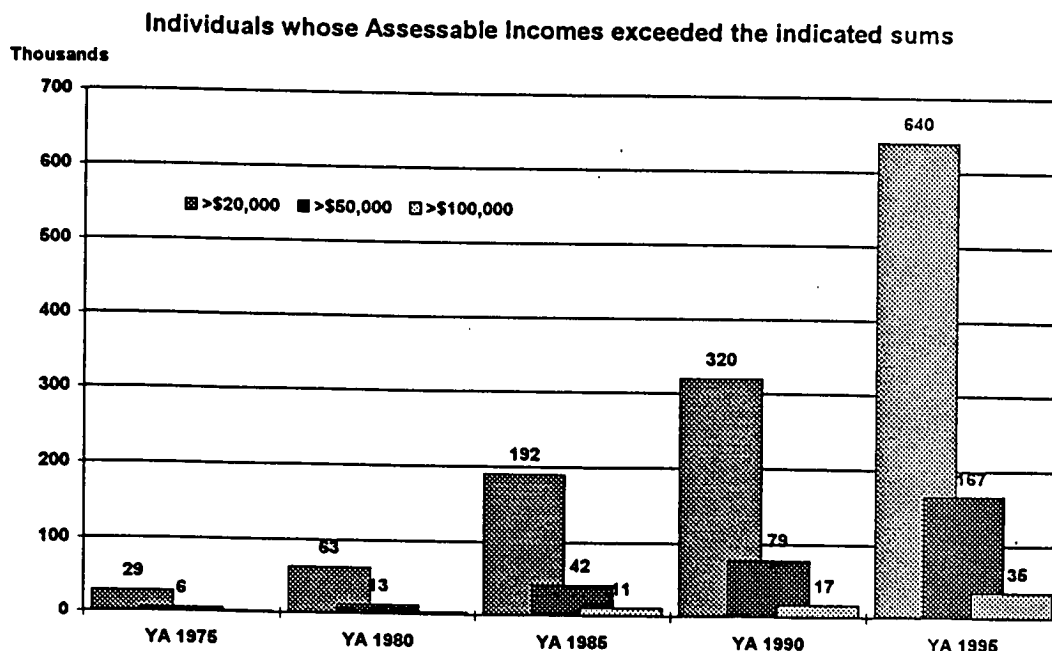
5. Given these relativities, we would in fact have been justified in pegging Ministers' salaries to 100% of Ave24. Instead we have pegged Staff Grade I Ministers at only 60% of Ave24, and two-thirds over the longer term.

6. From 1 July, including the 1996 NWC adjustments, Ministers' earn \$39,000 per month. Ministers on the next grade, i.e. Staff II + 12%, earn \$51,000. The Prime Minister's is entitled to \$88,000 per month. But because he has decided to forgo the pay increases for 5 years, his actual pay is \$71,000. Judges will earn \$45,000, Judges of Appeal \$48,000, and the Chief Justice \$66,000.

7. These figures look large, but in fact it is not uncommon for people in the private sector to earn \$1 mn per year. The number of such people has been increasing steadily – tripling from around 74 in 1990-92 to 229 in 1994:

Chart A

8. This trend has happened not only with the very high income earners, but across the board. The number of people with assessable incomes exceeding \$20,000, \$50,000, or \$100,000, has increased rapidly over the last 20 years (Chart B). For example, the number of people with assessable incomes exceeding \$20,000 has doubled in the last 5 years, from 320,000 to 640,000. This is more than ten times the number 15 years ago.

Chart B

9. Table 3 (annex) lists individually but without names the 229 persons who earned more than \$1 mn in 1994, by income and profession. These include some expatriates, and those in speculative trades. If we exclude these two groups, there were still 144 people who earned \$1 mn or more in 1994. 17 earned \$2 mn or more.

10. By profession, the breakdown is as follows:

Table 4

Lawyers	28
Accountants	20
Bankers	14
Local manufacturers	13
Traders/Retailers	11
Investors	10
Architects	8
Doctors	7
Fund managers	6
Consultants	5
Developers	5
Transport Services	5
Jewellers	5
MNC executives	4
Others	3
	144

11. These numbers are based on 1994 incomes, the latest IRAS data available. In comparison, only 4 persons in the public sector earned more than \$1 mn in 1994.

12. Table 5 (below) shows 24 publicly listed companies with the largest market capitalisation in 1994. These 24 companies were run by 20 CEOs (because some CEOs ran more than one company). The total profits of these companies in 1994 were \$5.9 bn. The 20 CEOs declared a total earned income of \$33 mn in 1994.

13. There were 20³ Ministers and Ministers of State, including the Prime Minister, in 1994. They are responsible for Singapore's well being in all spheres – economic, social, political, and security and

³ Initially there were 21. Dr Yeo Ning Hong and Dr Ker Sin Tze left the Government at the end of June and August 1994 respectively.

defence. Their responsibility is much heavier, and what they do affects the lives of far more people than these 20 CEOs. Their total remuneration that year was \$15 mn, half what the 20 CEOs earned.

Table 5

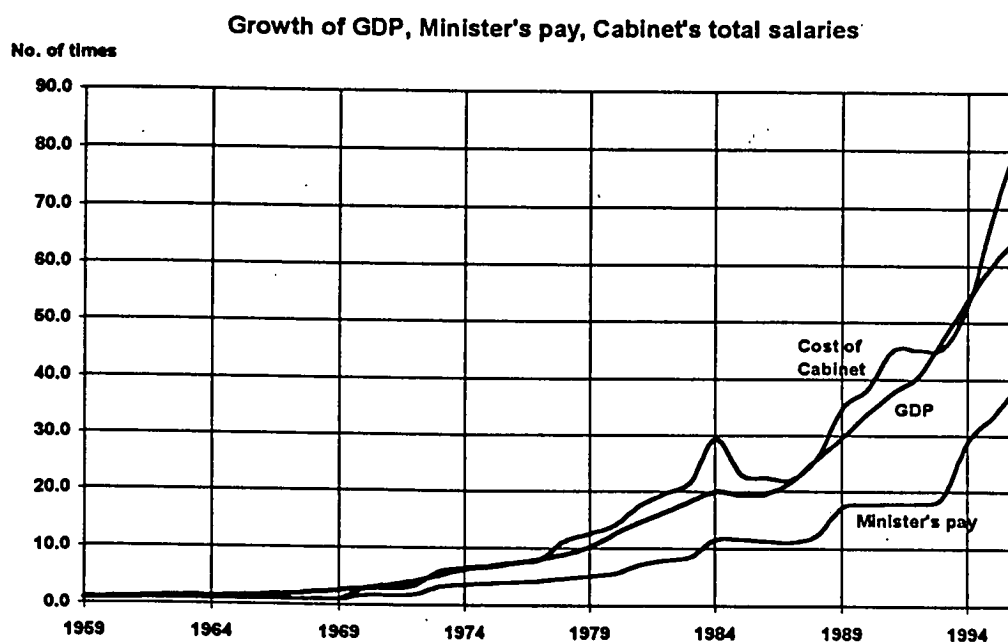
S/n	Company	Mkt Cap (S\$bn)	Earnings (S\$mn)
1	SingTel	42.4	1,202
2	SIA	11.0	801
3	OCBC	9.7	538
4	UOB	8.3	570
5	DBS	7.0	533
6	City Devevelopments	6.3	201
	Hong Leong Finance	1.0	63
7	Keppel Corporation	6.2	211
8	SingPress Holdings	4.7	293
9	OUB	4.2	219
10	F & N	3.6	134
	Asia Pacific Breweries	2.1	76
	Centrepont Properties	1.3	57
11	DBS Land	3.4	153
12	Cycle & Carriage	3.1	124
13	Singapore Land	2.9	86
	UIC	1.9	73
14	Straits Steamship Land	2.6	59
15	GE Life Assurance	2.6	70
16	Cerebos Pacific	2.5	78
17	Sembawang Corporation	2.4	80
18	Keppel Bank	2.1	64
19	Creative Technology	1.7	149
20	Goodwood Park Hotel	1.7	30
		135	5,864

14. At present, after the 1996 adjustments, the 20 Ministers and Ministers of State together cost \$23 mn per year, one-third less than the 20 CEOs' salaries two years ago.

15. We can also compare the salaries of the Ministers and Ministers of State with the total GDP (see Chart C). As the economy has grown, the task of managing it has become more complex and demanding. From 1959 till 1996, nominal GDP has increased by 65 times, from \$2 bn in 1959 to \$130 bn now. But the annual salary of a Minister has increased by only 39 times.

16. The Government needs more Ministers now than in 1959. The total annual cost of salaries of Ministers and Ministers of State has increased by 82 times, from \$280,000 in 1959 to \$23 mn in 1996. So successive major salary revisions of Ministers over the years has only raised the cost of the whole Cabinet relative to GDP by 25%, compared to when the PAP first took office in 1959.

Chart C



17. Whichever way we compare Ministers' salaries – against the Ave24 benchmark, against all top earners in the private sector excluding expatriates and speculative trades, or against the GDP – the conclusion is the same. Ministers' salaries have only kept pace with the growth of the economy. The amounts have at best kept abreast of private sector trends, and the size and complexity of the Cabinet's responsibilities.

Table 3

INDIVIDUALS WHOSE TOTAL EARNED INCOME EXCEEDED \$1M IN 1994

<u>S/N</u>	<u>NATIONALITY</u>	<u>INCOME</u>	<u>PROFESSION</u>
1	Singapore	\$10,215,000	Remiser
2	Singapore	\$8,236,000	Banker/Financial Services
3	Foreign	\$7,341,000	Banker/Financial Services
4	Foreign	\$7,254,000	Fund Manager
5	Singapore	\$6,295,000	Remiser
6	Singapore	\$6,145,000	Remiser
7	Singapore	\$5,479,000	Banker/Financial Services
8	Singapore	\$4,880,000	Remiser
9	Singapore	\$4,846,000	Remiser
10	Singapore	\$4,291,000	Remiser
11	Singapore	\$4,261,000	Architect
12	Singapore	\$3,865,000	Remiser
13	* Singapore	\$3,840,000	Local Manufacturer
14	Singapore	\$3,559,000	Director - Investment Company
15	Singapore	\$3,471,000	Remiser
16	Singapore	\$3,464,000	Real Estate Developer
17	Singapore	\$3,408,000	Real Estate Developer
18	Malaysia	\$3,285,000	Remiser
19	Singapore	\$3,183,000	Doctor
20	Singapore PR	\$3,127,000	Fund Manager
21	Foreign	\$3,112,000	Senior Executive - MNC
22	Singapore	\$3,067,000	Remiser
23	Singapore	\$3,043,000	Remiser
24	• Singapore	\$2,824,000	Lawyer
25	Singapore	\$2,744,000	Fund Manager
26	Singapore	\$2,656,000	Trader
27	Foreign	\$2,616,000	Fund Manager
28	Singapore	\$2,566,000	Director - Investment Company
29	Singapore	\$2,553,000	Local Manufacturer
30	Foreign	\$2,509,000	Fund Manager
31	Foreign	\$2,484,000	Fund Manager
32	Singapore	\$2,402,000	Director - Investment Company
33	Singapore	\$2,274,000	Remiser
34	Singapore	\$2,172,000	Doctor
35	Singapore	\$2,172,000	Doctor
36	Singapore	\$2,169,000	Remiser
37	Malaysia	\$2,094,000	Real Estate Developer
38	Foreign	\$2,070,000	Fund Manager
39	Singapore	\$2,011,000	Fund Manager

Table 3

40	Foreign	\$1,999,000	Fund Manager
41	Foreign	\$1,959,000	Fund Manager
42	Singapore	\$1,909,000	Director - Stock Broking
43	Singapore	\$1,895,000	Director - Investment Company
44	* Singapore	\$1,894,000	Banker/Financial Services
45	Singapore	\$1,876,000	Remiser
46	Singapore	\$1,876,000	Remiser
47	Singapore	\$1,867,000	Director - Investment Company
48	Singapore	\$1,851,000	Banker/Financial Services
49	Singapore	\$1,847,000	Director - Investment Company
50	* Singapore	\$1,817,000	Senior Executive - MNC
51	Singapore	\$1,810,000	Architect
52	Singapore	\$1,782,000	Consultant - Property
53	Singapore	\$1,771,000	Director - Stock Broking
54	Singapore	\$1,768,000	Jeweller
55	* Singapore	\$1,755,000	Lawyer
56	Singapore	\$1,747,000	Consultant - Property
57	Malaysia	\$1,732,000	Fund Manager
58	* Singapore	\$1,662,000	Senior Executive - MNC
59	Singapore	\$1,661,000	Remiser
60	Singapore	\$1,656,000	Remiser
61	Singapore	\$1,620,000	Jeweller
62	Foreign	\$1,597,000	Fund Manager
63	Singapore	\$1,584,000	Fund Manager
64	* Singapore PR	\$1,574,000	Local Manufacturer
65	* Singapore	\$1,547,000	Local Manufacturer
66	Singapore	\$1,546,000	Director - Investment Company
67	Singapore	\$1,546,000	Banker/Financial Services
68	Singapore	\$1,536,000	Real Estate Developer
69	Singapore	\$1,534,000	Jeweller
70	Singapore	\$1,516,000	Director - Stock Broking
71	* Singapore	\$1,501,000	Local Manufacturer
72	Singapore	\$1,499,000	Director - Stock Broking
73	Foreign	\$1,496,000	Director - Stock Broking
74	* Singapore	\$1,492,000	Accountant
75	Singapore	\$1,486,000	Director - Stock Broking
76	Singapore	\$1,486,000	Remiser
77	Singapore	\$1,478,000	Local Manufacturer
78	Singapore	\$1,472,000	Trader
79	* Singapore	\$1,469,000	Accountant
80	Singapore	\$1,462,000	Director - Investment Company
81	* Singapore	\$1,459,000	Lawyer
82	Singapore	\$1,458,000	Retailer
83	* Singapore PR	\$1,446,000	Banker/Financial Services
84	Foreign	\$1,431,000	Retailer
85	Foreign	\$1,431,000	Banker/Financial Services

Table 3

86	Singapore	\$1,430,000	Remiser
87	* Malaysia	\$1,428,000	Accountant
88	* Singapore	\$1,427,000	Accountant
89	Singapore	\$1,424,000	Fund Manager
90	Singapore	\$1,423,000	Local Manufacturer
91	* Singapore	\$1,423,000	Banker/Financial Services
92	Singapore	\$1,416,000	Director - Stock Broking
93	Singapore	\$1,413,000	Fund Manager
94	Singapore	\$1,405,000	Director - Stock Broking
95	Singapore	\$1,398,000	Lawyer
96	Singapore	\$1,390,000	Director - Stock Broking
97	Singapore	\$1,382,000	Architect
98	Singapore	\$1,382,000	Architect
99	Singapore	\$1,379,000	Architect
100	Singapore	\$1,377,000	Architect
101	* Singapore	\$1,376,000	Lawyer
102	Singapore	\$1,375,000	Remiser
103	Foreign	\$1,368,000	Senior Executive - MNC
104	Singapore	\$1,367,000	Lawyer
105	Singapore	\$1,367,000	Lawyer
106	Singapore	\$1,358,000	Director - Stock Broking
107	Singapore	\$1,347,000	Jeweller
108	Singapore PR	\$1,337,000	Lawyer
109	Singapore PR	\$1,327,000	Lawyer
110	Singapore	\$1,324,000	Consultant - Management
111	Singapore	\$1,324,000	Lawyer
112	Singapore	\$1,323,000	Trader
113	* Singapore	\$1,317,000	Banker/Financial Services
114	Singapore	\$1,316,000	Director - Investment Company
115	Foreign	\$1,313,000	Banker/Financial Services
116	Singapore	\$1,312,000	Director - Transport Services
117	Singapore	\$1,310,000	Banker/Financial Services
118	Foreign	\$1,300,000	Banker/Financial Services
119	Singapore	\$1,298,000	Lawyer
120	Singapore	\$1,294,000	Director - Stock Broking
121	Malaysia	\$1,291,000	Local Manufacturer
122	Singapore	\$1,290,000	Director - Investment Company
123	Singapore	\$1,281,000	Director - Investment Company
124	Singapore	\$1,270,000	Accountant
125	Singapore	\$1,270,000	Accountant
126	Singapore PR	\$1,270,000	Accountant
127	Singapore	\$1,270,000	Accountant
128	Singapore	\$1,270,000	Accountant
129	Singapore	\$1,270,000	Accountant
130	Singapore	\$1,270,000	Accountant
131	Singapore	\$1,270,000	Accountant

Table 3

132	Singapore	\$1,270,000	Accountant
133	Singapore PR	\$1,270,000	Accountant
134	Malaysia	\$1,258,000	Lawyer
135	Singapore	\$1,256,000	Director - Investment Company
136	Singapore	\$1,254,000	Publisher
137	Singapore PR	\$1,254,000	Director - Stock Broking
138	Singapore	\$1,249,000	Director - Stock Broking
139	Malaysia	\$1,249,000	Remiser
140	Singapore	\$1,248,000	Publisher
141	Singapore	\$1,245,000	Doctor
142	Singapore	\$1,238,000	Remiser
143	Singapore	\$1,237,000	Lawyer
144	Singapore	\$1,230,000	Lawyer
145	Singapore	\$1,219,000	Director - Investment Company
146	Singapore	\$1,215,000	Trader
147	Singapore	\$1,213,000	Director - Stock Broking
148	Foreign	\$1,212,000	Banker/Financial Services
149	Singapore	\$1,212,000	Architect
150	Foreign	\$1,201,000	Banker/Financial Services
151	Singapore	\$1,197,000	Banker/Financial Services
152	Singapore	\$1,195,000	Director - Stock Broking
153	Singapore	\$1,193,000	Doctor
154	Singapore	\$1,192,000	Lawyer
155	Malaysia	\$1,187,000	Director - Stock Broking
156	Singapore	\$1,178,000	Director - Stock Broking
157	Singapore PR	\$1,178,000	Accountant
158	Singapore	\$1,175,000	Doctor
159	Singapore	\$1,170,000	Trader
160	Singapore	\$1,170,000	Director - Stock Broking
161	Singapore	\$1,170,000	Director - Stock Broking
162	Singapore	\$1,170,000	Fund Manager
163	Singapore	\$1,168,000	Fund Manager
164	Singapore	\$1,152,000	Director - Stock Broking
165	Singapore	\$1,144,000	Remiser
166	Singapore	\$1,143,000	Remiser
167	Malaysia	\$1,140,000	Local Manufacturer
168	Foreign	\$1,137,000	Senior Executive - MNC
169	Singapore	\$1,136,000	Consultant - Management
170	Singapore	\$1,135,000	Accountant
171	Singapore	\$1,131,000	Accountant
172	Singapore	\$1,129,000	Consultant - Management
173	Singapore PR	\$1,129,000	Senior Executive - MNC
174	Singapore	\$1,128,000	Retailer
175	Singapore PR	\$1,127,000	Senior Executive - MNC
176	Malaysia	\$1,123,000	Lawyer
177	Singapore	\$1,119,000	Trader

Table 3

178	Singapore	\$1,115,000	Lawyer
179	Foreign	\$1,113,000	Lawyer
180	Foreign	\$1,113,000	Lawyer
181	Singapore	\$1,112,000	Director - Transport Services
182	Singapore	\$1,106,000	Lawyer
183	Singapore	\$1,104,000	Banker/Financial Services
184	Singapore	\$1,102,000	Director - Investment Company
185	Singapore	\$1,100,000	Lawyer
186	Singapore	\$1,094,000	Accountant
187	Singapore	\$1,092,000	Banker/Financial Services
188	Singapore	\$1,088,000	Real Estate Developer
189	Singapore	\$1,083,000	Doctor
190	Singapore	\$1,080,000	Director - Stock Broking
191	Foreign	\$1,079,000	Real Estate Developer
192	Singapore	\$1,078,000	Lawyer
193	Singapore	\$1,078,000	Director - Stock Broking
194	Singapore	\$1,077,000	Lawyer
195	Singapore	\$1,072,000	Real Estate Other Services
196	Singapore	\$1,070,000	Remiser
197	Singapore	\$1,069,000	Local Manufacturer
198	Singapore	\$1,068,000	Jeweller
199	Singapore	\$1,066,000	Lawyer
200	Singapore	\$1,061,000	Lawyer
201	Singapore	\$1,060,000	Trader
202	Singapore	\$1,054,000	Remiser
203	Singapore	\$1,053,000	Local Manufacturer
204	Singapore	\$1,051,000	Banker/Financial Services
205	Singapore	\$1,047,000	Director - Stock Broking
206	Singapore	\$1,046,000	Local Manufacturer
207	Singapore	\$1,045,000	Director - Stock Broking
208	Singapore	\$1,043,000	Director - Transport Services
209	Singapore	\$1,043,000	Lawyer
210	Singapore	\$1,042,000	Accountant
211	Singapore	\$1,040,000	Accountant
212	Singapore	\$1,038,000	Local Manufacturer
213	Singapore	\$1,036,000	Lawyer
214	Singapore	\$1,033,000	Director - Transport Services
215	Singapore	\$1,031,000	Remiser
216	Foreign	\$1,029,000	Fund Manager
217	Singapore PR	\$1,028,000	Retailer
218	Foreign	\$1,023,000	Accountant
219	Singapore	\$1,021,000	Lawyer
220	Singapore	\$1,018,000	Banker/Financial Services
221	Singapore	\$1,015,000	Director - Stock Broking
222	Singapore	\$1,015,000	Trader
223	Foreign	\$1,012,000	Banker/Financial Services

Table 3

224	Singapore	\$1,007,000	Fund Manager
225	Singapore	\$1,004,000	Lawyer
226	Foreign	\$1,003,000	Banker/Financial Services
227	Singapore	\$1,001,000	Architect
228	Singapore	\$1,000,000	Lawyer
229	Singapore	\$1,000,000	Director - Transport Services

NOTE:

The above is a listing of the Total Earned Income from all sources, of individuals in 1994, which exceeded \$1 mn. Earned income do not include dividend, rental, royalty or interest.

The 24 individuals whose income constitute the Ave24 Benchmark are identified by *. There are only 20 of them in the list because all the Engineers earned less than \$1 mn. Their Total Earned Income are different from their Principal Earned Income (PEI) in the Ave24 Benchmark because (a) only the earnings from principal sources are counted in the benchmark, not earnings from all sources, i.e. for a lawyer, only his earnings from his legal profession count and not his earnings from other sources, such as director's fees; (b) in the PEI, bonuses are attributed to the year they are earned, whereas in this Total Earned Income listing, the bonuses are reckoned in the year they are paid.

TABLE 3
(Extract)

INDIVIDUALS WHOSE TOTAL EARNED INCOME EXCEEDED \$1M IN 1994

<u>RANKING</u>	<u>NATIONALITY</u>	<u>INCOME</u>	<u>PROFESSION</u>
1	Singapore	\$10,215,000	Remiser
2	Singapore	\$8,236,000	Banker/Financial Services
4	Foreign	\$7,254,000	Fund Manager
11	Singapore	\$4,261,000	Architect
13	Singapore	\$3,840,000	Local Manufacturer
14	Singapore	\$3,559,000	Director - Investment Company
16	Singapore	\$3,464,000	Real Estate Developer
19	Singapore	\$3,183,000	Doctor
20	Singapore PR	\$3,127,000	Fund Manager
21	Foreign	\$3,112,000	Senior Executive - MNC
24	Singapore	\$2,824,000	Lawyer
26	Singapore	\$2,656,000	Trader
42	Singapore	\$1,909,000	Director - Stock Broking
50	Singapore	\$1,817,000	Senior Executive - MNC
52	Singapore	\$1,782,000	Consultant - Property
54	Singapore	\$1,768,000	Jeweller
56	Singapore	\$1,747,000	Consultant - Property
74	Singapore	\$1,492,000	Accountant
82	Singapore	\$1,458,000	Retailer
110	Singapore	\$1,324,000	Consultant - Management
116	Singapore	\$1,312,000	Director - Transport Services
136	Singapore	\$1,254,000	Publisher

The chart compares the cash compensation paid to senior public officials and average pay for a manufacturing employee in that country. It also includes the country's rankings in the World Economic Forum's World Competitiveness Report, both overall and in the good government index. The Altruism Index is simply the salary of the political chief executive divided by that of the manufacturing employee. The lower the figure, the higher the amount of altruism – or alternative sources of income – needed to hold public office

<i>Country</i>	<i>Political Chief Executive</i>	<i>Cabinet Ministers</i>
1. Russia	\$ 3,328	\$ 3,275
2. Canada	\$ 98,852	\$ 81,723
3. Italy	\$ 82,655	\$ 45,085
4. Sweden	\$ 119,738	\$ 101,317
5. France	\$ 136,533	\$ 72,941
6. United Kingdom	\$ 129,189	\$ 106,845
7. Thailand	\$ 54,394	\$ 49,622
8. United States	\$ 200,000	\$ 148,400
9. Czech Republic	\$ 17,567	\$ 13,551
10. Switzerland	\$ 300,765	\$ 300,765
11. Australia	\$ 141,242	\$ 92,481
12. Poland	\$ 27,873	\$ 24,574
13. Japan	\$ 395,049	\$ 288,312
14. Hungary	\$ 24,440	\$ 16,120
15. Germany	\$ 320,156	\$ 167,038
16. South Africa	\$ 150,766	\$ 115,806
17. Mexico	\$ 133,551	\$ 90,422
18. Zimbabwe	\$ 48,582	\$ 25,569
19. Singapore	\$ 812,858	\$ 574,476
Average	\$ 168,291	\$ 122,017

THE ALTRUISM INDEX

The first World Link survey of politicians' pay around the world shows some startling disparities. Paul Martin explains what they mean for public service

Legislator	Senior Civil Servant	Manufacturing Employee	Altruism Index	Rank in WCR (Overall/Government)
\$ 4,168	\$ 3,353	\$ 1,703	2.0	48/48
\$ 65,793	n/a	\$ 31,637	3.1	12/19
\$ 126,331	\$ 37,570	\$ 26,687	3.1	30/46
\$ 42,369	\$ 77,369	\$ 28,784	4.2	15/33
\$ 89,639	n/a	\$ 31,121	4.4	17/35
\$ 68,832	\$ 190,428	\$ 24,421	5.3	18/14
\$ 36,740	\$ 38,214	\$ 9,568	5.7	26/11
\$ 133,600	\$ 118,118	\$ 32,164	6.2	1/6
\$ 7,985	\$ 6,844	\$ 2,689	6.5	38/37
\$ 47,263	\$ 256,979	\$ 45,135	6.7	5/7
\$ 58,550	n/a	\$ 19,472	6.7	14/9
\$ 15,777	\$ 14,438	\$ 3,825	7.3	45/43
\$ 235,382	\$ 230,475	\$ 48,065	8.2	4/27
\$ 11,284	\$ 9,600	\$ 2,926	8.4	46/45
\$ 136,503	\$ 125,278	\$ 38,023	8.4	6/13
\$ 52,768	\$ 76,476	\$ 13,312	11.3	42/38
\$ 49,725	\$ 48,857	\$ 10,760	12.4	44/39
\$ 11,013	n/a	\$ 2,482	19.6	not ranked
\$ 65,174	\$ 292,714	\$ 14,459	56.2	2/1
\$ 66,258	\$ 101,781	\$ 20,381	8.8	

Singapore's prime minister earns 36 times more than the average manufacturing employee in his country and twice as much as the average chief executive. Translated into US terms, this would mean President Bill Clinton's salary rising from its current \$200,000 to \$1.8 million. In America such a large salary would prompt an outcry: in Singapore it is seen as a vital defence against corruption.

To add spice to the Davos summit, which attracts political figures from around the globe, *World Link* has attempted to measure politicians' pay as a reflection of how they are valued. The answer depends, as so often, on the assumptions societies have about public service. Should politicians, as public servants, earn roughly the same as the people they represent? Or, given that they are also our country's leaders, do we want the best that money can buy? To put it more bluntly: is politics a vocation or a profession?

The main argument for giving politicians competitive salaries is that voters get what they pay for. Singapore is famous for a deliberate policy of high pay, indexing salaries against the highest in the private sector to inoculate itself against the corruption which pervades some countries in the region and to ensure that the government continues to attract the country's brightest and best. Singapore worries that a failure to do so could result in the loss of its competitive edge, according to the government report *Competitive Salaries for Competent and Honest Government* published in the autumn of

1994. "Competent political leadership is crucial to good government. Singapore must draw its ministers from among its most outstanding and committed citizens," it wrote.

Richard Grant, head of the Asia-Pacific programme at the Royal Institute of International Affairs (RIIA) in London, describes this as "a reflection of the value Singaporeans put in their officials". At least this value has been appreciated by outsiders: the city state came third in the corruption index recently published by Transparency International and the University of Göttingen and consistently heads the government ranking in the World Economic Forum's *World Competitiveness Report*. The World Bank has written that Singapore is "widely perceived to have the region's most competent and upright bureaucracy".

Creating a culture hostile to corruption

But there is more to beating corruption than paying well. Japan's prime minister, the highest paid public official outside Singapore in our survey, presides over a political system that is creaking under the weight of corruption scandals which reach right to the very heart of the government. Japan ranks fourth in the *World Competitiveness Report* overall, but 27th in the government factor. On the other hand Italy, which emerges as far more egalitarian in our survey, is equally riven by allegations of financial impropriety. The RIIA's Grant says that in Singapore the whole culture now mitigates against corruption, but suggests that money is

less a cause than a symptom. "I don't think the prime minister of Singapore would be corrupt even if he made \$15,000."

Wolfgang Glage, vice-president at pay consultants Towers Perrin and the author of its recent *Worldwide Total Remuneration Survey*, says he finds it disappointing that countries like Britain pay public officials so little, because the government "cannot compete in the marketplace for talent". Politicians would no doubt concur, and in fact variations on this theme have been used to justify highly paid appointments to senior public posts around the world.

But no country can now afford, fiscally or politically, to raise government pay to Singaporean-style multiples. Shareholders often complain about excessive pay raises in the private sector, but particular venom is reserved for western politicians whose pay rises are seen as a betrayal of trust by tax-paying voters. Rosa Wilkinson of the Office of Manpower Economics in London points out that the British press reacted with outrage when members of parliament voted themselves a 2.7% rise from January 1, 1996, even though this was likely to be less generous than the final increase awarded in the rest of the public sector.

Politicians face another unique problem. It is difficult to convince others of the need for sacrifice and budgetary discipline when you are voting yourself a rise. Zimbabwe's President Robert Mugabe invited the attention of the world's press when his salary jumped 130% to Z\$456,000 (\$48,582) in November. Civil ser-

Advances were especially indignant – they had sued the government only the week before for cancelling their end-of-year bonus. Indeed, taxpayers in most countries would prefer to see their politicians follow the South African example and take a pay cut. However, it should be remembered that Nelson Mandela's new salary of R552,000 (\$150,766), down 20% from R690,000, is still 11 times higher than that of a South African industrial worker and higher than those of the prime ministers of France, Britain or Canada.

The alternative, if governments wish to attract talent from the private sector, is either to allow public officials to put their private sector interests on hold while they serve, or to allow them to make use of what is called the revolving door by capitalising on their contacts when they leave public service. Neither option is free of political risk. The debate over former Italian prime minister Silvio Berlusconi's media interests highlighted the conflict of interest problems inherent in the first tactic, especially since maverick millionaires seem to be a growing feature of politics everywhere.

On the other hand, former British foreign secretary Douglas Hurd raised hackles when he joined the board of National Westminster Bank and became deputy chairman of their merchant banking arm barely three months after he had left the Foreign Office. Claiming that he moved with undue haste, the opposition Labour Party made the most of the situation: "You don't fix up a directorship like that overnight," one spokesman said.

Of course, heads of state receive non-cash benefits that are not easily quantifiable. Politicians, at least in a democracy, cannot count on receiving long-term incentives such as share options but very few private sector pay packets include an allowance for a palace and a limousine. Official accommodation is worth at least 20% of the cash value of the salary and more in some European or Asian capitals, according to Towers Perrin's Glage. Other benefits, such as free travel or upgrades, pensions, health plans and so on, also make public sector pay more attractive than it may at first seem.

All the same, the feeling remains that as well as sacrificing their right to privacy, their personal safety, and in some cases their principles to get elected, politicians are asked to sacrifice their financial security as well. Some people regard this as a fair price. The Nolan Committee, in its first report on standards in British public life last autumn, dubbed selflessness one of the seven principles of public life. Holders of public office "should take decisions solely in terms of the public interest... not to gain financial or other material benefits for themselves, their family or their friends", it said. Indeed, our use of the term "public service" implies that it is motivated by a degree of altruism; hence the Altruism Index.

The index compares the official salary paid to a political chief executive (the president in the US, the chancellor in Germany, the prime minister in Italy) with the average total remuneration

Few of the best and the brightest are drawn to politics these days. One executive said he would have loved to follow a political career but could not afford to do this and still raise a family

paid to manufacturing employees in his or her country. It does not take into account earnings from outside interests, either legal or illegal, nor does it fully or equally account for all the non-cash benefits of office such as free travel or accommodation.

The price of good politics

Finally, it is notoriously difficult to compare private and public sector pay, mostly because of the problem of non-cash remuneration. The results, therefore, should be treated with caution. They are not intended to be a measure of greed or even relative wealth. Rather, they indicate the position of politicians in different societies by showing the premium taxpayers are willing to offer for representing them.

As might be expected, countries with large income differentials in the wider economy such as South Africa or Hungary rank low on the altruism index. The figure for the US, which one might expect to fit into that category, is deceptive because although the president earns only about six times as much as a manufacturing employee, he also earns far less (just a quarter) than the average chief executive's pay. Countries where there is a strong tradition of government leadership in the economy, such as Japan and Germany, also score highly. In both, the head of government earns about eight times the salary of a manufacturing worker and about 80% of a private sector chief's salary. Egalitarian societies such as Canada or Sweden are near the foot of the table, which just serves

to confirm that their notion of public service has financial as well as ethical implications.

When one moves beyond the executive branch of government, real differences in political culture emerge. Swiss legislators or national councillors are arguably the most altruistic: they all have full-time jobs but receive an allowance of SFR55,000 (\$63,800), roughly equal to the average industrial wage, to meet four times a year, each time for a period of three weeks. Their allowance – a 1992 referendum voted against making it a salary – has to cover all the expenses associated with their public role except postage. Italian deputies, on the other hand, receive six times the average manufacturing wage – the same multiple as the US president – as well as research and secretarial staff provided by their political parties. Poland's Sejm has both part-time and full-time deputies with the latter paid three times as much as the former.

In Britain, the Nolan Committee report concluded that British members of parliament should continue to earn money from other sources and parliament "would be less effective if all MPs were full-time professional politicians". It estimated that 30% of British MPs hold paid outside consultancies. In contrast, members of the US House of Representatives, while technically permitted to earn up to 40% of the value of their salary from sources outside the house, seldom do so: the current speaker, Newt Gingrich, is a notable exception. They are all full-time professional politicians and are paid twice as much as their British counterparts to compensate. Members of the senate, who are paid just as well, are much more likely to add to their income from outside earnings, according to a survey conducted by the Review Body on Senior Salaries in London. Members of both houses of congress are also entitled to funds for research and secretarial staff which dwarf those allocated to their British counterparts: a maximum of over \$1.8 million for a senator compared to just \$60,000 for an MP.

Where legislators are only semi-professional, as in Britain, Sweden and especially Switzerland, civil servants seem to be the primary beneficiaries. In most other cases, civil servants earn about as much as elected representatives. However, while it is becoming more and more popular to peg civil service pay to changes in the private sector, the mandarins are also increasingly likely to be judged by private sector standards. Performance-related pay, for example, in places like Japan, Sweden and Denmark can increase salaries by up to 20%. If this were applied to politicians, one pay consultant told us, "they would probably end up owing us money".

The point which emerges most strongly is that of Glage from Towers Perrin who says most politicians of ability are either idealists or independently wealthy. "It is the exception rather than the rule," he says, "that we attract the right people." Or as one executive ruefully confides, "I have a wife and two kids. I would love to be in politics, but I can't afford it." ■