NOTES FROM HERE AND THERE

Never-Ending Battle Against Corruption

Lewis Dolinsky

For its relatively clean business climate, Hong Kong can thank Peter Godber, a corrupt police superintendent. In 1973, when Hong Kong was one of the most corrupt places on Earth, Godber avoided punishment by slipping off to England. Hong Kong was in an uproar; people marched in the streets — unusual then in Hong Kong. The British governor, Lord MacLehose, knew something must be done. That something turned out to be the Independent Commission on Corruption (ICAC). Set up in 1974, it now has a staff of 1,300 and spends $15 per resident per year. The budget of $90 million for fighting corruption may be higher than that of all the countries in Africa combined. Hong Kong is now considered one of the least corrupt places on Earth.

The ICAC reports directly to the chief administrative officer and has extraordinary power: It can search any bank account relevant to an investigation. It can investigate private as well as public business. It can call in any witness to testify under oath; there is no right to silence. A suspect can be forced to lay out financial affairs. The ACLU would go crazy in Hong Kong.

The result of this power and sheer persistence, says Deputy ICAC Commissioner Tony Kwok, its highest-ranking nonpolitical appointee, has been a steady cleanup, except in 1993-1994, when there was quick-buck frenzy before the handover to China. The agency has maintained its mission since the takeover. In the Asian financial crisis of 1997-98, bad loans and bankruptcies exposed rot.

Kwok was interviewed while in San Francisco to speak (and listen) at the Asia Organized Crime Conference. Corruption and organized crime are partners in the world economy, using high-tech methods to cover their trail. Kwok says law enforcement is playing catchup, must cooperate across borders and does so, even in small ways. The ICAC used a Russian-speaking U.S. agent, posing as Russian mafia, to entrap Sierra Leone's chief of immigration. He was selling diplomatic passports in Hong Kong for $10,000 — just fill in the blanks. The culprit claimed diplomatic immunity but got four years.

White-collar crime usually draws four to seven years in Hong Kong. Though not draconian, the sentences are a deterrent to anyone who prefers eating lobster by a pool to prison food and ambience.

Kwok doesn't know whether Singapore is cleaner than Hong Kong, or Denmark is cleaner than New Zealand. Surveys by Transparency International reflect perceptions of overt corruption, which Kwok calls "the squeeze." But "mutual satisfaction" corruption is harder to quantify. You pay me a million and get the contract; we're both happy, and society loses. To root that out, you need infiltrators and vigilance; you can't wait for the phone to ring. And you never know whether you've reached the bottom of the pit.

Nobody jokes about ICAC now, but at its inception (Kwok joined a year later), people considered it a PR stunt or mission impossible. To some, ICAC stood for "I Can't Accept Checks, I Can Accept Cash." Kwok recalls a story about an early case in which the wrong man was being questioned and officers knew it. Rather than admit a mistake, they continued the interview, planning to release the suspect at the end. But he confessed. Back then, almost everybody was guilty.