

Corruption: Who Cares?

CORRUPTION: Who Cares?

by Brian Lightowler

Caux Books and
Grosvenor Books, Australia
in association with Caux Initiatives for Business

Co-published in 2003 for Caux Initiatives for Business by:
Caux Books
Rue du Panorama
1824 Caux
Switzerland

ISBN: 2 88037 507 7

Grosvenor Books, Australia
226 Kooyong Road
Toorak, Victoria 3142

ISBN: 0-9592622-4-5

Copyright © Brian Lightowler 2003

Book Design: Blair Cummock
Printer: University of Queensland Printery,
St Lucia, Queensland 4072, Australia

Contents

Introduction	7
I 'Clear and present danger'	11
<i>Corruption—a hidden force on a global scale</i>	
II Graft-busting	25
<i>Initiatives by governments, World Bank and police</i>	
III Actions for integrity	39
<i>Millions give a clear 'no' to corruption</i>	
IV Combating the culture of corruption	77
<i>What difference can the individual's stance make to global corruption?</i>	
V 'Turning point'	111
Executive summary	115

Introduction

Nothing provokes a public reaction in open democratic societies quite like revelations of corruption among politicians or business people, or even simple dishonesty over money. Cynics may say the reaction is over the top, out of proportion. Most people instinctively know however that integrity, public and private, is vital for normal interaction in the community, long-term business confidence, social justice and the future of any society. They know from personal experience or the media that the scourge of corruption in many parts of the world is a disease striking at the heart of society.

Even so, people too often want to step round the issue of corruption as being too difficult to tackle. So long as it does not affect them personally, they say in effect, 'So what!'. But when we do, then we are turning a blind eye, for example, to the following:

US\$80 billion a year exchanges hands as bribes or 'gifts'. Leaving aside the threat of global terrorism, it is estimated that the drug barons make a net profit of US\$15 billion a year. By 2005 they could have capital of US\$1500 billion for investment and loans, creating an economic power beyond the control of governments. (The Times, London, 15 September 1994)

These facts prompted William Rees-Mogg, former editor of *The Times*, to write that such developments 'could create a criminal world culture'.

We might wonder if anything can be done about it, or ask, 'Corruption, who cares?' But the reply is clear and emphatic:

However widespread the evil of corruption is, courageous and effective action has been taken, by both official bodies, NGOs and individuals, to counter it. In fact the world is now at a favourable turning point in the long fight against corruption, according to members of the World Economic Forum's Davos Group¹.

This book is a response to both attitudes, 'So what!' and 'Who cares?' It gives, I hope, on the one hand a shock to those 'good people' who tolerate the 'inevitability' of corruption and on the other, to all those who strive for a world of integrity, up-to-date information, strength and vision.

I first became involved in the fight for integrity at the height of corruption revelations in Queensland, Australia in 1988-9. I remember well sitting down over several mornings for breakfast at 6.30am with five others to discuss how we would address the issue of corruption which had been uncovered by the Fitzgerald Enquiry. One morning I put on the table a proposal, later entitled *Our Decision for a Corruption-free Queensland*, which called on each of us to make a personal commitment to rigorous integrity, making restitution for any past errors, as a first step in answering corruption. The paper said in part, 'Any system, however well designed, is only as effective as the people who operate it and the community environment in which it functions. In the final analysis the only effective and durable answer to corruption is incorruptible men and women.' The six of us signed it, restitutions to the tax office and the social security department were made, and we launched the 'Decision' publicly at services at the Indooroopilly Uniting Church in Brisbane on 9 April 1989.

The significance of this is not so much what happened in Queensland, although it had an impact (*see page 93 et seq.*), but what it led to on a much larger scale in Taiwan. My wife and I lived in Taiwan for seven months in 1991 and were frequently asked by our hosts to speak publicly on what had developed through the programme, *Our Decision for a Corruption-free Queensland*. The *Clean Election Campaign* in Taiwan, which was partly inspired by what happened in Queensland, was launched in 1992 and became 'a raging fire' against vote-buying and other forms of political corruption. The example of Taiwan triggered similar campaigns in Brazil in 1994 and in Kenya in 1997 and 2002 (*for full details see page 95 et seq.*). What took place in Queensland may be termed a laboratory experiment for larger action elsewhere. This showed me the efficacy and relevance of individual choice and commitment in any effort to overcome the scourge of corruption.

Niccolo Machiavelli observed, 'How easily are men corrupted and in nature transformed.' It was a conclusion based on his experience of politics and statecraft. He would have known that once the nature of individuals is so debased that they accept as normal the practice of corruption then soon thereafter whole societies can go under the influence of corruption. But the obverse can be equally true. Once the nature of individuals is so transformed that they accept as normal the practice of integrity then whole societies can begin to sideline corruption and advance towards new levels of integrity and openness.

For integrity to prevail, we need action not only on the political, legal and investigative fronts, but also on the human level. People in politics, business and the community can be so empowered that they say 'no' to bribery and take action for integrity. Is it possible to do this on a scale to make a decisive difference, to develop a cure to the

cancer of corruption? My experience with people in all walks of life, from government ministers to owners of small businesses, is that it *is* possible. In fact, it is happening. I have interviewed many of them, some I know as friends through my work with Initiatives of Change*, formerly Moral Re-Armament (MRA), and others I have read about and researched their actions. This book illustrates where and how positive action against corruption has been carried out in difficult circumstances and demonstrates prototypes for future actions.

In the years ahead I believe the world could achieve the marginalisation of corruption as a major influence, if not its elimination. But first let us look in chapter 1 at the threat corruption poses to civilisation today. Succeeding chapters examine the mounting efforts and initiatives by governments, NGOs and individuals, to minimise corruption and build integrity into the world's politics and business. The final chapter briefly examines the challenge before us at a moment when, as the Davos Group of experts believe, we could be at a turning point in humanity's millennia-old fight against corruption.

Brian Lightowler, March 2003

* See page 122

'Clear and present danger'

Corruption—a hidden force on a global scale

The argument: *Global terrorism is visible and the horrors of 11 September 2001 in New York and Washington DC, and 12 October 2002 in Bali, unforgettable. Worldwide corruption however is as insidious and as potentially dangerous to society. The two often go hand in hand.*

In the words of the outgoing head of Australia's National Crime Authority, Gary Crooke, corruption is 'a clear and present danger' which, linked with international crime and money laundering, should be seen as an issue of national security.

Interpol's chief, Ronald Noble from New York, speaking at the 10th International Anti-Corruption Conference² in October 2001, stressed that terrorism could not be beaten on the battlefield alone. 'If customs, police and security professionals are corrupt, no expense on high-tech devices will provide our citizens with the security they deserve.' The most sophisticated security systems and dedicated personnel would be useless if undermined from the inside by a simple act of corruption. 'The strongest fortress will crumble if built upon sand.'

Corruption and terrorism had to be beaten 'one person at a time' by bringing individuals to justice.

True enough, but there is a more direct link between corruption and terrorism and even weapons of mass destruction. *The Sunday Times* (London, 6 October 2002) wrote that Iraqi government agents with millions of pounds at their disposal for bribery were able to import vital war matériel on a regular basis, such as 160 tonnes of chemicals (UDMH and DETA) used as liquid rocket propellant. *The Sunday Times* interviewed a Middle Eastern businessman, who was one of a network of middlemen corruptly supplying Iraq with anything it needed for building up its war machine.

The businessman, the paper said, 'revealed how military equipment and items for a weapons of mass destruction programme are shipped into Iraq on a scale greater than previously thought.' The vast sums available to Iraqi government agents, the businessman said, were obtained from oil revenue supposedly blocked for use only in the UN oil-for-food programme, but released by a 'clever fraud'.

The events of 11 September precipitated international action against another aspect of the link between corruption and terrorism. Investigations in the USA began into whether terrorist organisations or their allies had made millions of dollars through insider-trading through advance knowledge of the 11 September disaster. In Germany, the President of the Bundesbank, Ernst Welteke, told *The Observer* (23 September 2001) that a study by the bank pointed strongly to 'terrorism insider trading' and that 'there are ever clearer signs that there were activities on international financial markets which must have been carried out with the necessary expert foreknowledge.' Austria's Finance Minister, Karl-Heinz Grassler, said that 'there could be a global network (of terrorists) active within the financial sector and we are looking into this.'

limitations came into effect. Berlusconi, now Prime Minister, still faces in a Milan court the charge of bribing judges. Against much opposition his government passed legislation in 2002 enabling every defendant in a trial to apply to have a trial transferred to another court if they had 'legitimate suspicion' that a court was biased. Whatever Berlusconi's government's motivation for this legislation may have been, Italian magistrates however reinforced allegations of bias against themselves by continuing to claim the right to run for Parliament.

So when a 24-year prison sentence was handed down to former Prime Minister Giulio Andreotti in 2002 for ordering a Mafia execution of a journalist, Berlusconi claimed that justice had 'gone mad' and an intense and still unresolved dispute followed between the government and the judiciary. As a result the UN Commission on Human Rights twice sent justice investigator Param Cumaraswamy to Italy to try and reconcile the opposing arms of government. He said in an interview with *The Australian* (25 November 2002), 'There is mutual distrust and suspicion. Prominent personalities are using the weaknesses in the legal system to their own advantage. When this is seen as happening in a developed country such as Italy, it could send bad signals to smaller countries that are expected to emulate respected institutions and democratic processes.' On 30 January 2003, Berlusconi claimed on TV that he was being persecuted by the judiciary, following a Supreme Court decision to reject his appeal to have his trial moved out of Milan. He said that even if he were convicted of bribery, he would continue 'to carry out my duty as Prime Minister right to the very end... without ever betraying the mandate I was given by my electorate.'

Li Peng, at the time Chairman of the National People's Congress (NPC), China's parliament, said in March 2001, 'We face the destruction of our party and the destruction

of our nation if we fail to fight corruption and promote clean government.' Li, who masterminded the Tiananmen Square crackdown in 1989, however offered no concrete measures but his statement did recognise the intensity of public feeling over the advance of corruption. The scale of the problem is huge. According to Minxin Pei, writing in London's *Financial Times* (10 December 2002), 'estimates of the magnitude of corruption range from three to five per cent of gross domestic product'. In 2000 a Vice-Chairman of the NPC, Cheng Kejie, had been executed for taking more than US\$9 million in bribes. However, the government, according to Pei, only selectively prosecutes certain high profile individuals in an attempt to demonstrate its anti-corruption commitment. 'Official data show that only seven per cent of all Communist Party members proved to have engaged in wrongdoing are criminally prosecuted,' wrote Pei.

'Unstoppable criminal super power'

Such high-level political corruption is bad enough. But we may be facing something even worse.

'The experts on globalisation are organized crime,' according to Dr Kimon Valaskakis, a former Canadian ambassador to the OECD in Paris, and now founding president of the Club of Athens. He said that the government sector was the least developed in terms of globalisation. The current international and national structures, based on the idea of national sovereignty, had been overtaken by the pace of events. The terrorist attacks of 11 September had chosen as their target a symbol of globalisation, but the terrorist networks were themselves an example of globalisation at work, the Canadian academic and diplomat claimed.

'Borders are for the police, not for criminals,'

Valaskakis continued, speaking at an MRA/IC international conference in Switzerland in 2002. 'In the process of eliminating borders, we've eliminated rules,' he said, and a lawless world led to a breakdown of governance and ultimately of civilization itself. As an example of the problems that defied solution by the 195 national sovereign governments, he cited mad cow disease, the regulation of the Internet, global warming, and terrorism. The problems of conflicting jurisdictions played into the hands of multinationals and criminal or terrorist networks.

William Rees-Mogg wrote in *The Times*, London, (15 September 1994) that the large drug operators make a net profit of US\$15 billion per year, on which little or no tax is paid. He believed the drug barons could have amassed \$300 billion by 1995, which could rise to \$1500 billion by 2005. That would be equal to the value of the total world stock of gold. He warned, 'If Cali (at the time headquarters of a Colombian drug syndicate) becomes a town with almost unlimited funds, businesses which need capital will go to Cali. We may be putting the investment future of the world in the hands of people whose own business regularly requires them to employ both corruption and hit men. That could create a criminal world culture.'

This estimate has support among US government officials. William J Olson, drawing on his experience as a Deputy Assistant Secretary of State, told a US Senate committee that organised crime was 'a major threat to the very survival of democratic institutions and just government' in some parts of the world. He said, 'The growth and spread of major criminal organisations that dispose of vast wealth have the capacity to corrupt whole societies.'

Claire Sterling warned in her book, *Thieves' World*, of an emerging underworld order, a Pax Mafiosa, in which competing crime syndicates, agreeing to avoid conflict, devise a common strategy and exploit the planet together.

The director of the American FBI, Louis Freeh, as far back as 1994 said that Russian criminals were 'rapidly networking' with 'other organised crime groups' such as the Cosa Nostra, the Japanese Yakuza, the Hong Kong Triads and the Colombian drug cartels.

London's *Mail on Sunday* magazine *Night and Day* painted an even more dangerous picture. After interviewing business personnel and officials in Russia, America and Europe, it wrote that many people believed that the world was witnessing 'the emergence of an unstoppable criminal super power'. *Night and Day* wrote, 'With its control of vital resources—oil, gold, diamonds and minerals—Russia's Mafia is in a position to achieve what Russia's communist system never could: the manipulation of the world's markets and the effective control of vital economic sectors, with Western companies actively assisting the process.'

Corruption to be successful has to be hidden and untraceable. Consequently, such seemingly extreme estimates of corruption's reach in the world, while impossible to verify precisely, should not be carelessly or easily dismissed. They are a wake-up call for both leaders and people and an insight into the scale of the problem humanity faces.

The fight to overcome corruption cannot however be left to the professionals, the police or the judiciary. There needs to be a passion for a corruption-free society in both the leaders of society and the people at large.

II

Graft busting

Action by governments, World Bank and police

The argument: *Modern technology—its speed, global reach and ability to move millions of dollars across continents with a click of a mouse—has become corruption’s performance enhancing drug in the global market place. On the other hand, the ending of the Cold War, the collapse of many authoritarian regimes following the demise of the Soviet Union, not only in Europe but in parts of Asia, South America and Africa, heightened the demands for transparency in both government and business. This, together with the rapid advance of globalisation where investors and international business demand honest banks, honest tendering procedures and contracts in the interests of fairness and efficiency, has set the scene for a more sustained assault on corruption.*

This assault got under way internationally with an attack on the drugs trade. In 1988 nearly 100 governments approved the UN Convention Against Trafficking in Illicit Narcotics and Dangerous Drugs. Before that in the wake of the Watergate and Lockheed scandals, the USA had passed the Foreign Corrupt Practices Act, which was amended in 1988. This criminalised certain payments to

foreign officials overseas and required corporations to keep accurate accounts of all transactions plus strict internal controls and regular auditing.

One hundred and thirty-eight nations signed a pledge in Naples in 1994 stepping up domestic and international cooperation against crime. The credibility of the pledge was however somewhat reduced by the fact that the conference's host, Italian Prime Minister Berlusconi, was under investigation on charges of tax fraud and corruption!

Real progress however began when the OECD drew up the Convention criminalising the bribery of foreign public officials by companies from OECD nations and ending tax deductibility for foreign bribery payments. This Convention was signed by 29 of the richest countries and five other nations in 1997 and came into effect in 1999.

Jeremy Pope of Transparency International (TI) said in 1997, reported in *Prosi* magazine⁴, that very little could be done in the developing countries until the corruption flood out of Europe was controlled and contained. Until the North recognised its responsibility for a problem that it always blamed the South for, very little progress could be made. Up to this point the \$80 billion dollars estimated by the World Bank in corrupt payments came largely from the developed world to the developing world.

The European Parliament began an analysis of the causes of corruption. In a report of the Economic Affairs and Development Committee, entitled *Role of parliaments in fighting corruption*, it wrote (18 February 2000):

The keeping at bay of corruption appears strongly related to the strength of civil liberties, in particular press freedom and the ability of citizens to form associations for information to the public. Corruption can be said to vary in inverse proportion to the extent of civil liberties.

By the same token, without civil liberties a government will have little incentive to reform. It was the tragedy of the communist system that civil society—as it manifests itself in independent associations—was severely suppressed, in some countries for close to half a century and in others for even longer. Once civil society has been crushed, it is very difficult to build it up...

When corruption becomes endemic, bribes lose much of their moral stigma in the eyes of those concerned. They blur the borderline between honesty and dishonesty, truth and lies. In the absence of moral markers, the system becomes truly sick.

The OECD has developed the notion of an 'ethics infrastructure'. It has several components, among them, a strong political will by politicians to ensure honesty in government and, closely related to that, a national culture which rejects corruption and supports integrity. Illustrations of a change in culture, in different parts of the world, include, for example, the following:

- A European Parliament report (18 February 2000) states that in the fight against corruption MPs are important as individuals because 'they will only be able to require personal integrity of others if their own is without blemish'.
- In October 2002 in Ottawa, the Global Organisation of Parliamentarians Against Corruption was launched with the aim 'to fight corruption, promote good governance and build integrity'. At its inaugural meeting it examined how corruption can be combated by: '1) the individual Member of Parliament; and 2) the Parliament, in its oversight capacity and as an institution operating with integrity.'
- The New South Wales Independent Commission Against Corruption (Australia) wrote in one annual report,

'Integrity is not a condition that can be imposed on any given situation by decree. It must be generated internally, and become part and parcel of corporate practice.' In 2001 the Commission repeated a survey which it had conducted in 1993 and found that 'respondents in the latest survey more frequently identified behaviours to be corrupt than in the first survey in 1993.' It commented, 'Awareness of and intolerance of corruption seems to be increasing in the NSW public sector.'

- In the wake of Mafia prosecutions in Italy, the President of the Court of Appeal in Florence, Raffaello Cantagalli, commented, 'Social and preventive remedies exist. I feel however that none of these will be of help without a solid re-establishment of moral values in the family, school and political circles (who are responsible for much of the damage through bad example), but also in all of us at every level of society.'
- The Seychelles opened its doors to the dirty cash of money launderers and drug barons in 1995, but the international community reacted swiftly in a way it would not have done in the past. The Seychelles Economic Development Act allowed foreigners to invest more than \$10 million in the Seychelles with immunity from criminal prosecution. It was seen as an open and cynical invitation to the corrupt. The European Community (as it then was), the OECD, the Commonwealth Secretariat, the US State Department and the Foreign Ministries of the UK and France and Interpol all denounced the legislation and threatened sanctions. From then on there was heightened monitoring of all money going into the Seychelles, until the law was repealed on 25 July 2000.
- Speaking at the 2nd Global Forum Fighting Corruption and Safeguarding Integrity, in The Hague, May 2001,

Tony Kwok, Deputy Commissioner of Hong Kong's Independent Commission Against Corruption listed seven points basic to Hong Kong's fight against corruption:

Firstly, what is most important is that there should be **'Political will from the top'**. This political will enables us to investigate independently without fear or favour and also provides adequate resources for the work. So there is food for thought:

How much time do I give to maintaining staff integrity?

What resources do I allocate for anti-corruption?

Do I believe in 'Don't wash your dirty linen in public'? This old saying is our worst enemy.

In Hong Kong, we believe in a zero tolerance policy in fighting corruption. Unless you demonstrate clearly that you would not tolerate corruption, staff may have a misconception that they might have a chance to get away with corruption.

The second critical factor is our **three-prong strategy**. We believe we should fight corruption through deterrence, prevention and education. So the food for thought:

Do I have a comprehensive three-prong strategy?

The third critical factor for success in Hong Kong is the **strong legislative support**. We need effective legislation to support our investigations and prosecutions. So the food for thought is:

Do I have effective internal regulations?

Do I have a declaration system to avoid conflict of interests?

The fourth critical factor is our effort in a **change of culture** through education and media publicity and the launching of a code of ethics. So the food for thought:

Do I have a code of ethics for staff?

How do I promote and reinforce a culture of probity and honesty amongst my staff?

What kind of example am I setting in my personal conduct?

The fifth critical factor of success is that there should be **a professional team** that would ensure effective investigation. So the food for thought:

Do I have a dedicated internal investigation and monitoring unit?

Are they professional and effective?

The sixth is our pro-active approach. We don't sit and wait for corruption reports to come; we **take steps to unearth corruption**. So the food for thought:

Do I have an effective system to detect early signs of corruption?

How do I encourage whistleblowers?

Do I conduct staff surveys to monitor staff ethical standards?

Do I develop a set of best practices for corruption prevention?

The seventh factor for success is our **partnership approach**. We believe we should work together with other law enforcement agencies, government departments and the public in the fight against corruption

If your answers to all the questions are all positive in nature, I am sure you should be well on top of the problem of corruption in your organisation.

The Hong Kong Independent Commission Against Corruption (ICAC) did significant pioneering work, beginning in 1974. Chinese University lecturer Jeremiah K H Wong wrote in *Corruption and its control in Hong Kong*⁵, 'These cases (involving the police and the civil

service) shocked the whole Hong Kong community. From the outset, the action of the ICAC was impressive enough to strike fear into the hearts of the corrupt.'

In October 1989, Hong Kong's legal fraternity and the wider business community were shaken by the surprise arrest by ICAC of the third highest officer of the Legal Department, the Acting Deputy Public Prosecutor, on charges of receiving bribes. The Chief Justice, Yang Ti-Liang, said, 'When I first heard about this case, I was rather shaken.' In July 1990 the high ranking officer of the Legal Department was sentenced to eight years jail and four other lawyers who had bribed him and another who had conspired with him in his escape, which ultimately failed, were convicted and imprisoned. James Bell, ICAC Chief Investigator, commenting on the case, said, 'A lot of people thought we were wrong. They thought that the ICAC was acting wrongly. I knew we were right, 100 per cent, not one doubt. When he fled, a lot of people realised that something weird happened. When he came back and pleaded guilty, everyone said, "I always suspected that he was corrupt."' "

In recent years statistics reveal ICAC's continuing bid to attack corruption. In 2001 there were 4,476 reports of corruption (excluding election related cases) and 409 convictions. In 2002 there were 4,371 reports and 455 convictions. In a typical week, 14-21 February 2003, ICAC reported the following developments:

- ex-airline staff jailed for accepting bribes for reserving cargo space;
- securities and investments firm's former senior executive charged for alleged HK\$2 million bribery;
- 12 former pollsters charged for alleged fraud over tourism surveys;
- company directors and financial controller sentenced for HK\$35 million project scam.

A large number of ICAC personnel work, not in crime and corruption detection, but in educating and changing public attitudes about corruption or in helping government and private business to establish anti-corruption procedures. These developments have also been replicated now in other parts of the world.

Both nationally and internationally, authorities are heightening the effectiveness of administrative and political reform, and of police training and investigative work. For instance, Goh Keng-Swee, Deputy Prime Minister of Singapore in the early '90s, told me at a business conference in Taiwan that Singapore government policy was to increase the pay scale of top public servants from 48 per cent to 80 per cent of the salaries of the top performers in the professions, thereby reducing the temptation to be corrupt. 'The government must be the exemplar of ethical standards,' he said.

In January 2002 the Korean Independent Commission Against Corruption (KICAC) was set up to address corruption in the government and the bureaucracy. South Korea, according to Transparency International's 2001 Corruption Perception Index, stood at 4.2 where 10 was rated as 'highly clean' and 0 'highly corrupt'. KICAC's chairman, Dr Kang Chul-Kyu, realised in the early 1990s that Korea's rapid economic development was not achieving an adequate level of social justice due to corruption and the concentration of power in the *chaebols* (mega-corporations). Kang, an economist, told me, 'Once our nation achieved economic growth out of poverty I considered my main responsibility was fighting corruption. So I jumped into the area of fighting corruption and working to establish social justice.' He was engaged in the reform of the banking industry and real estate before taking on leadership of the KICAC.

Fifty-four members of the Korean National Assembly

committed themselves on 29 April 2002 to clean up Korea's politics. In a statement headed 'Our Promise to Make Politics Clean' they said: 'We now solemnly promise to take a leading role in making a new and clean culture of politics in this year of election. We will neither receive nor solicit illegal political funds. We will make a contribution to a clean election by upholding transparency and fairness and will do our best to make our politics an encouragement and a hope to our people.' The 54 members had joined the MRA/IC Parliamentary League in the Korean National Assembly, initiated by two MPs from the government and opposition parties, Ryoo Jae-Kun and Lee Ju-Young.

In India in January 2000 the Central Vigilance Commissioner, Nagarajan Vittal, took the novel step of publishing on the Commission's website the names of senior government officials facing investigations or charges of corruption. Some in the media and the government service accused Vittal of setting up 'a rogues' gallery', but the public were supportive, seeing it as an act of transparency. The action helped ensure that officials under investigation were removed from sensitive positions and put pressure on departments to speed up investigations and the establishment of guilt or innocence. Vittal said in the news-magazine *Outlook* (7 February 2000), 'Public pressure will mount and concerned government departments will now be forced to take action.'

In November 2001, the Chief Commissioner of Central Excise (Delhi zone), Someshwar, was arrested on charges of bribery and his office and house were intensively searched. According to *The Times of India* (8 November 2001), Someshwar was expected to be appointed to the Central Board of Excise and Customs in the near future. His arrest 'sent shockwaves among customs and excise officials,' the paper reported. It further stated that the

Central Bureau of Investigation (which worked closely with Vittal and the Vigilance Commission) had trapped about 50 customs and excise officials in recent months.

Unlike other public servants Vittal (who retired in September 2002) was in a strong position. During his term of office he could not be arbitrarily removed before the expiry of his contract and his appointment set a precedent in that he was selected by the Prime Minister, the Home Minister and the Leader of the Opposition and appointed by the President.

In a speech to the Indian Merchants Chamber in Mumbai in 2001 Vittal said that Indian democracy was based on corruption and that the guilty were the elite. The political parties collected cash by corrupt means and had created a corrupt nexus between politics and business. He claimed that it was generally accepted that if a businessman collected Rs10 million (equivalent to A\$415,000) for the Congress Party, he could keep 40 per cent for himself, undeclared and untaxed. 'To expect a politician to bring an answer to corruption is an impossibility. For an Indian politician to be honest would mean committing political hara-kiri,' he said. He qualified his remarks by saying that this was not a blanket statement and there were some exceptions. He went on, 'When I saw the Prime Minister he said he was for zero tolerance of corruption but when it comes to dealing with corruption in politics that means zero action!'

Realistic as he was about the situation, Vittal was passionately convinced that it could be turned around. Listed by *Business Today* as one of the 'fifty men and women who shaped the economy' in the 50 years since Independence, he speaks with experience. He cited that within living memory, the Congress Party with Sardar Patel as Treasurer was corruption-free and every single rupee collected was accounted for. Of the one billion or so

Indians he estimated only five per cent were in positions of influence or power and thereby gained from corrupt practices: the 95 per cent suffered and were frustrated by it. If the majority decided to do away with it, corruption could be obliterated.

His frankness about the situation and conviction that things can be turned around, he told me, came from his family background and his 'strong faith in God as an orthodox believer'. He believes that people can change and because of that the situation can change. He says, 'Every saint has a past and every sinner has a future.'

In Vittal's strategy the role of the ordinary citizen is therefore vital. The citizen must of course be honest himself or herself. He says there are four agencies which the citizen can use to fight corruption—the Judiciary, the anti-corruption bureaux, the media and direct action and that is beginning to have an effect (*for example, see chapter 4*).

Towards the conclusion of his term of office, he said that the visibility and credibility of the Central Vigilance Commission had grown. The number of complaints of corruption the Commission received increased from 2,200 to 17,000. 'The general impression amongst the people was that here is an organisation where they could lodge a complaint and hope that something would be done against corrupt officials,' he said. 'I am happy to tell you that in 98 per cent cases the departments have taken action against corrupt officials.' In 1999-2000, 87 mostly middle-ranking public servants were found guilty of corruption or bribery offences.

Twentyfour out of 27 banks had been computerised on his urging, he said, thereby helping build the integrity and efficiency of the banking sector. The Central Vigilance Commission's directives to government departments to accept the lowest bids in tenders for government contracts

was appreciated by the private sector and honest people in government. 'A lot remains to be achieved yet,' he warned. 'The fight against corruption is going to be a long drawn out one.' (From an interview by Onkar Singh, *Rediff.com*. 22 August 2002).

Vittal's term in office ended in September 2002 and P Shankar, 'a person of impeccable integrity' in Vittal's estimation, took over. Shankar said to the newsmagazine, *The Week* (13 October 2002), 'This is a job where you have to tell people truths.' He had the reputation, according to the newsmagazine, of belonging 'to the rare breed that does not buckle under pressure'. Commenting on holding 26 different jobs during his 35 years in the government service, Shankar said, 'From the beginning, I had decided that I will not worry about transfers, because the decision rests with the government. If you are not scared of frequent transfers, then there is little anyone can pressure you with.'

In summary, experience from around the world emphasises three essentials in rolling back corruption:

- **rigorous investigative work by police;**
- **strong legislation coupled with the necessary political will;**
- **independent and impartial legal institutions to bring the corrupt to justice.**

There is, however, a further dimension which has been little explored or reported on. Even with rigorous police work, an impartial and independent judiciary, well-paid public servants and political will at the top, there is still the unpredictable factor of human nature, its motivations and temptations.

Thirty pieces of silver turned Judas Iscariot, although bribery was contrary to Jewish law, religious teaching and culture. Laws, institutions and the culture of society as a

whole can strengthen people in their resolve, but ultimately, as Vittal stressed in his speeches and publications, the personal choice, however difficult, has to be made.

The Royal Commission into the A\$5.3 billion collapse of the Australian insurance giant HIH reveals what lack of integrity and plain dishonesty can do in disasters of this magnitude. Leading finance writer Trevor Sykes, commenting on the findings of Wayne Martin QC, senior counsel assisting the Commission, wrote in *The Australian Financial Review* (14 January 2003):

‘From the summaries given by Martin and his colleagues yesterday, those accused of breaches are alleged to have compromised what should have been their professional ethics and did deals and signed documents when they shouldn’t have.

‘We have seen too many such breaches in past collapses, when professionals compromised their ethics because they were hungry for riches or scared of losing their Porsches.

‘These are human failings, but the whole point of being a business professional is that ethics and objectivity should surmount emotion.’ In a radio interview he was blunter, saying that senior executives needed an injection of ethics in their backbones.

Corruption is a two-way street. Both parties have to decide to be corrupt. Integrity is a one way street: only one person need make the decision. Faced with corruption, a person can decide against it. Be they politicians, business people or ordinary voting citizens, the integrity of individuals can help empower a nation’s conscience and marginalise corruption.

There are many examples of this in countries around the world. Those outlined in the following chapter illustrate, from both Western and non-Western countries, the experience of the heads of large or medium-sized organisations, managers in large organisations, small business

people and finally the ordinary citizen. A number come from India and East Asia where the struggle with corruption is unremitting. Similar stories and experiences of course exist in many places. They give the lie to the fear that corruption is inevitable. They illustrate what boldness and integrity can achieve in testing circumstances. They demonstrate that not only can an individual or business resist corruption but that corruption's whole culture and modus operandi can be brought under attack.



Actions for integrity

The argument: *There are millions of people in all nations whose 'no' to corruption and 'yes' to honesty is clear and uncompromising. They can be the basis on which a world of integrity may be fashioned. Zero tolerance of corruption and making a stand for integrity, however, does not come easily or cheaply. The honest person does not always defeat corruption the first time or even the second. It requires resolution and imagination. Even so, personal integrity of itself does not automatically build a society of integrity. For honesty and integrity to become effective in the community and in business often involves taking courageous initiatives way beyond the practice of personal principles.*

Heads of large and medium-sized organisations act:

1. Goes to any length

Azim Premji, head of Wipro, India's premier software company, told a journalist. 'I would go to every conceivable length to preserve integrity at Wipro. Once, it took us 18 months just to get a dedicated power sub-station activated because we refused to bribe. The power was for use

in our Vanaspati plant, which is heavily dependent on power. Yet we ran the plant for 20 months on captive generation which cost us dearly.

'Wipro has a clear policy that for all reimbursements, one has to spend the money to claim them. An employee in our Mumbai office travelled in second class and claimed reimbursement for first class. We found out about it and fired him. He was a union leader and the entire Mumbai office was on strike for two and a half months. But we didn't take him back. There is no point talking of integrity and not doing it when it comes to the bite.'⁶

For Premji, integrity is not negotiable. 'It is a black and white issue. We do not look for grey and there are many shades of grey.'

2. Refusing to play by the rules of the game, even in the face of personal intimidation

Brazilian businessman **Ricardo Semler**, Chief Executive of Semco, a \$200 million company in the public service sector, speaking at the 10th International Anti-Corruption Conference in 2001, said that his company was about a third of the size it might have been 'had we accepted to play along with the (corrupt) rules of the game'. Instead they had acted as whistleblowers, and this had led to several arrests.

At one point, government environment inspectors wanted paying off when they found that the company's paint tanks were located in the wrong place. Semler refused. They told him: 'You have a two-and-a-half year old son. Are you sure you want to do this?' Despite the intimidation, Semler decided to fight the criminal indictment they were threatening him with. But he also decided not to expose the individuals personally threatening him. 'I felt I could not take the risk in dealing with four or five

people known to be extremely violent and who were telling us that they knew exactly where we walked every day, how my kid walked to school.' And Semler had no desire to be a posthumous hero.

On another occasion, Semco was negotiating a contract with a Japanese trading company. The Japanese director told Semco that they would have to pay a three per cent 'commission': 1.5 per cent to him and 1.5 per cent to the company President. Ricardo Semler approached the President, who confirmed the demand. Semler refused.

3. 'Tackling corruption takes 60 per cent of my time' – business leader

Transasia Biomedical, founded in 1980 by Mumbai businessman **Suresh Vazirani**, exports diagnostic machines for blood diseases to 30 countries. It is India's market leader. But it faced severe competition from American, German and Japanese manufacturers when, between 1995-97, the Indian government reduced import tariffs from 40 per cent to five per cent, in compliance with World Trade Organization rules. In response, Transasia reduced costs to compete with all the other players in the world. Efficiency was the key word—how to reduce man hours. The company was manufacturing 5,000 machines annually for the domestic market, but calculated that it could produce 20,000 annually for the world market. Not only that, Transasia's products are now technically as advanced as Japanese and European products, Vazirani states.

Yet Vazirani has to spend up to 60 per cent of his week tackling corruption issues, and the company employs two lawyers full time to address the court cases which come because of the company's policy of refusing to pay bribes. For instance, two low-ranking government officials had

demanded a bribe of \$100 for a licence to operate a fountain in the company's lunch area. There were similar fountains all over Mumbai but, Vazirani found, no licences had been issued for 20 years. His was the first case of its kind at the magistrate's court and it took his lawyers four years costing \$4,000 to deal with it! This is why Vazirani says that India, in face of the many changes brought on by globalisation, needs above all 'to develop a compassionate and caring society, through a lot of individuals making personal choices.' His commitment has paid dividends: in 2002 the company won two national prizes, for quality and exports, in its manufacturing category. The prizes were presented to Vazirani and his wife, Mala, by the Prime Minister. Transasia is exporting to 30 countries including Germany, China, Korea, Australia, Taiwan, Netherlands and the USA.

4. Businessman pays back tax

Joseph Wong, a Malaysian timber merchant from eastern Papua New Guinea, outlined to a business and industry conference in Melbourne in November 2000 radical changes in his business practices following his decision to break with any form of dishonesty. One outcome of this was his company's ongoing repayment to the PNG government of more than one million Kina (A\$500,000) of unpaid income tax. As a result of his action, a national enquiry was launched into the conduct of Papua New Guinea's timber industry.

5. 'Let industry adopt villages in the neighbourhood'

J R D Tata, until his death in 1993, was head of the Tata Group of companies, renowned now for its social involvement in community development and one of India's largest

business houses. Back in 1969 he took a pioneering step when he committed Tata Iron and Steel (TISCO) to a Social Audit. He said: 'Every company has a continuing responsibility to the people and the area in which it is located and where its employees and families live. The most significant contribution industry can make is by identifying itself with the life and problems of the people and area to which it belongs, applying its resources, skills and talents, that can reasonably be spared, to serve and help them. Let industry adopt the villages in the neighbourhood....'

Commenting on business bribery for licences and government permissions, he said, not surprisingly, 'If we had done what other companies have done we would be twice as big today. But I would not have it any other way.' An expert Mumbai tax consultant at one point argued the case for a possibly legal manoeuvre to avoid tax. Tata's reply was: 'Yes, it is possible. But is it right?'

6. 'If you are honest and you assert honesty, you awaken it in others'

In 1978 **Amol Karnad** launched Alacrity Foundations, a construction company in Chennai, south India, as an institution aimed at changing society. Today it is recognised in India not only for its high quality construction work and reasonable prices, but also for its integrity and moral and innovative leadership.

Karnad says about the setting up of Alacrity, 'I recognised that my quality of life was inextricably tied up with the quality of life of the society I lived in and unless the two were harmonised, I would have to live in an eternal state of conflict. Given this objective and given the fact that I was not inclined to go the way of society, I had no options left but to think in terms of trying to change

society to come my way. My way was simply the sensitive process of unfolding the human being, manager and leader within myself, sharing this experience with my colleagues so that they too could similarly unfold themselves and translating the power thus generated into a successful institutional strategy. To discourage any distraction from this central purpose, I made Alacrity Foundations a private limited company to be fully owned by its employees in the proportion of their seniority in the organisational hierarchy.' Later as Alacrity grew, the directors decided to increase the equity base and it is now a public company.

Alacrity has a 'no bribery' policy for two reasons. Firstly because it is wrong and secondly because, as Karnad says, 'It destroys mutual confidence.'

He says: 'Imagine that my colleague tells me that a certain official has to be paid 20,000 rupees and he leaves the room with the money (he takes cash since bribes are paid in cash, not by cheque). I might then start wondering whether the official had wanted only Rs10,000 and my colleague was pocketing the other Rs10,000. This cuts at the very root of building mutual trust and confidence in relationships and it is enduring relationships that build institutions.'

On completing their first building project the tax authorities suspected Alacrity of fraud and dealing in black money. Karnad says, 'When we finished our first project we delivered flats at Rs150 per square foot against the market rate of Rs250. Almost immediately the income tax department issued notices against all 24 flat owners asking them to show cause why the undervalued flats should not be taken over. They obviously were implying that there was a large component of black money involved. Were they, in effect also saying that they would not facilitate good, honest pricing?

'When my auditor and I went to meet the official concerned, I was quite taken aback initially when, without as much as offering us a seat, he unleashed a barrage of charges: "All you builders are the same and I am not going to believe a word of whatever you have to say." For a fleeting moment, nothing else—not the success of our project, not the excitement of our future plans—seemed of any importance as I found my carefully nurtured sense of personal dignity being trampled all over. I exploded: "If you don't want to hear me, at least consider sending your inspectors to examine our records and the sources from which each of us has financed the investment. They will find no black money involved. Thereafter, if you are still unconvinced, all I can offer is that, the next time your department builds its staff quarters, we will show you that they can be constructed at the same rate." If I had been unprepared for his outburst, he was even more unprepared for mine!

'The crowning piece of this whole encounter was something quite unexpected. At the end of our dramatic meeting, he got up, took my hands in his and said, "I was once a communist, an activist, pursuing my own brand of idealism. Somewhere over the years, I have allowed layers of rust to accumulate within me. Please don't let this happen to you." He seemed to be saying, please do it for me too, not just for yourself. When I had spoken to him, I was thinking only of my own emotions. But I suddenly realised that if you are honest and you assert honesty, you awaken it in others.'

Alacrity does not of course always get its building sanctions on time. As Karnad puts it, 'Not asking for a bribe does not amount to efficiency. There are delays. But because we observe regulations strictly we are on a very strong wicket and since we have established a track record, we finally get what we want.' When Alacrity does

not get what it believes it is due, the company takes the matter to court and has won every single case.

After completing a housing project, Alacrity was unable to secure electricity supply from the Tamil Nadu State government. After repeated efforts over several months, the liquidated damages accumulated to several hundred thousands of rupees. Then a new unexpected pressure developed from the people who had purchased the apartments. Understandably impatient to move in, the very people who had invested on the basis of Alacrity's ethical policies started questioning those policies for the inconvenience and discomfort caused to them. Karnad and his colleagues stood their ground, doing their best to reassure them.

The State was then under Governor's Rule (i.e. intervention by the central government because of a crisis in the State's administration). From among the customers one exceptional woman addressed a letter to the Governor seeking his intervention to redeem the cause of an honest builder. Two days later, the Governor's personal assistant arrived at Alacrity's office to enquire into the matter. Several days passed and it appeared that even the Governor's authority during his own rule could not easily shake off the lethargy that had gripped the department responsible for electricity supply. Finally, the supply was effected, and the flats handed over to their owners.

Karnad wrote a letter to each of the new owners thanking them for their patience and understanding. In it he said, 'Our cheques towards liquidated damages will be handed over to you at the end of this meeting in fulfilment of a commitment made by us in the Agreement of Construction. I realise that this will not compensate you wholly for the anxiety and inconvenience caused by the delay. But it is our way of saying that we accept our share of the blame for the lethargy, indifference and inefficiency

that have corrupted our public service systems.

'We have in the past been asked whether such delays cannot be avoided by greasing the palms of some appropriately placed government officials. I am clear that Alacrity will not resort to such means because we believe that by so doing we will not only lose our sense of right and wrong but also, sooner or later, our sense of quality and responsibility. I am aware, of course, that a considerable sum stands added on to the delivery cost of the project on account of liquidated damages. But I am sure that this would have engendered mutual trust and confidence in our relationship. I would also like to think that we are playing our humble part in the effort to leave behind for our children a better social environment than we seem to have.

'In conclusion, I would add that our services will be available to you not only to set right the minor blemishes, if any, that you may observe in your flats, but also to support you in your efforts to lead a comfortable and peaceful life in the complex.'

The episode ended with the customers releasing an advertisement in the newspaper thanking Alacrity not only for the housing complex delivered to them but also for the manner in which it was delivered to them.

Alacrity's annual turnover is in the region of A\$40 million. It is involved in 30 per cent of flat building activity in Chennai, working in accordance with Development Control Regulations and free of black money.

7. Solomon Islands Appeal Court rules in favour of Australian mining company

More than four centuries after Spanish explorer Alvaro de Mendana found gold at the mouth of the Mataniko River, the Solomons Islands Gold Ridge Mine was in production

with the capacity to realise 30 per cent of this Pacific nation's GDP.

Today the mine stands idle, its infrastructure destroyed, the victim of the violence and civil strife continuing on the islands. Before this violence erupted a young and dynamic Australian company, Ross Mining, investing A\$120 million in the project, had succeeded in getting mining underway. At the same time it had to fight and win in the Solomon Islands High Court and Appeal Court a long-term battle against its mining operation by an organised campaign, allegedly largely advised by the Australian legal firm of Slater & Gordon.

Ross Mining operated in the Solomons on the invitation of the Government, after winning a tendering process. From 1995 Ross Mining entered into feasibility studies and negotiations with the landowners on whose land mining would take place. The *Mining Monitor* reported: 'In April 1996, it (Ross Mining) announced that in principle agreement for the development of the project had been reached with the Solomon Islands Government. The agreement Ross negotiated with the Gold Ridge Landowners' Association provided for A\$2.2 million towards the costs of relocating villagers and A\$1.25 million in compensation.' The Landowners Association, irrespective of company profit or loss, would receive 1.2 per cent of the gross gold production.

The Landowners' Agreement, with the support of the Government and the backing of the Commonwealth of Nations Secretariat, was signed in a special ceremony in Parliament before representatives of the 21 clans. One hundred and forty signatures were required and secured. Prime Minister Solomon Mamaloni, calling it 'a beautiful agreement', said that it had nevertheless been a nerve-racking two weeks finalising the agreement and preparing the documentation. At the ceremony 260,000 shares were

given to the Gold Ridge landowners. Dr Bertus de Graaf, CEO of Ross Mining NL, said that 'gold brings out the worst and the best in people' and in a glance into the future added, 'I especially wish that overseas elements which are trying hard to disrupt the project will not succeed.'

Despite opposition from some landowners and chiefs, Ross Mining began mining and the first gold was poured in August 1998. The opposition was initiated firstly by Australian businessman Denis Reinhardt and then taken up and argued in the High Court by Slater & Gordon.

Reinhardt indirectly questioned Ross Mining's right to run its own electric power supply despite the unreliability of the Solomon Islands Electricity Authority (SIEA) power supply. Some Government Ministers were persuaded that the Gold Ridge project should be put on hold until the Lungga Hydro Scheme was underway. Reinhardt, through his company Merthyr Holdings, was a junior partner in the hydro scheme and also led a consortium which proposed, in conjunction with SIEA, to install and operate generators at Gold Ridge. As a young company, Ross Mining could not afford to wait several years for the hydro scheme and in any case Reinhardt's proposal was contrary to the agreement reached in Parliament. The Commonwealth Secretariat supported Ross Mining and the company was enabled to establish its own power supply. This however proved to be just the first round in a concerted campaign.

Slater & Gordon and Reinhardt then allegedly persuaded some Solomon Islander landowners and chiefs to launch a series of court cases endeavouring to halt or frustrate Ross Mining on constitutional, environmental or inadequate compensation grounds. None of the cases succeeded in the Solomons High Court.

Brisbane *Courier-Mail* correspondent John Wright, making an on-the-spot assessment of Ross Mining's operation, wrote (17 July 1998), 'What could be considered as an almost obsessive commitment by Ross to environmental integrity... has been matched by its approach to the perennially complicated issues in Melanesia surrounding land ownership, access, compensation and royalties.'

In an interview, De Graaf told me that it was Ross Mining's policy to pay no bribes, despite the difficult environment in the Solomons. 'We had made it a rule not to bribe as it was not tenable and not right. If we cannot do things properly we are not meant to be here (ie in the Solomons).'

In 1999 Ross Mining won the Australian Institution of Engineers Excellence Award for its tailings storage facility in recognition of its 'concern for the human and natural environment'.

On 18 December 1998 Ross Mining launched its own charges against those whom it alleged had conspired to halt mining, claiming damages. De Graaf wrote to the Solomons Prime Minister explaining the company's decision: 'Despite several High Court decisions in our favour, I regret to say that in recent months it has become plain that the campaign against our Companies is continuing. For this reason, the Board of Ross Mining NL has decided that it has no alternative but to take proceedings against the Defendants.'

The case—Ross Mining Ltd, Gold Ridge Mining and Ross Mining NL (the plaintiffs) versus Slater & Gordon, Denis Walter Reinhardt and Merthyr Holding Pty Ltd (the defendants)—was heard in 1999 in the High Court before the Solomons Islands Chief Justice, Sir John Muria.

Ross Mining and their partners claimed, in the words of the Chief Justice giving judgement, 'that from in or about December 1996, the defendants unlawfully conspired to

injure the plaintiffs by unlawful means, namely by procuring various citizens of Solomon Islands, including David Thuguvoda, Willie Roni and Billy Gatu, to commence and prosecute various proceedings in the High Court of Solomon Islands against them for collateral and improper purpose, that is placing improper pressure on the plaintiffs to negotiate various matters including pressure to obtain the electricity supply source for the Gold Ridge Mining Project from the Lungga Hydro Power Consortium (LHC) and to obtain compensation additional to that which the Solomon Islanders were entitled under law.'

Ross Mining and their partners also alleged that the defendants attempted to force the abandonment of mining at Gold Ridge by making or procuring Solomon Islanders to make 'false and defamatory' remarks to the Solomon Islands and Australian media, the Australian Stock Exchange, Ross Mining shareholders and Ross Mining's financiers.

Slater & Gordon and the defendants, in response to Ross Mining's allegations, challenged the jurisdiction of the Solomon Islands High Court to deal with the case on the grounds that 'the cause of the action' alleged against them did not take place within the jurisdiction of the Court. After consideration of precedents and the evidence, the Chief Justice ruled that the High Court had jurisdiction. Slater & Gordon made no actual defence against Ross Mining's allegations against them of Conspiracy, Maintenance and Champerty (an illegal sharing in the proceeds of litigation by the party promoting it). The Chief Justice said in judgement, 10 June 1999:

'In this case, there is a clear default by the defendants of pleading and the plaintiffs are entitled to judgement. I therefore grant judgement in default of pleading to the plaintiffs with damages to be assessed.

'Costs to the plaintiffs.' (ie Ross Mining etc.)

Slater & Gordon, Merthyr Holdings Pty Ltd and Denis Reinhardt then appealed against this High Court decision. The appeal was heard in the Solomons Appeal Court before Sir Anthony Mason, former Australian Chief Justice; Justice McPherson of the Queensland Supreme Court; and Justice Los of Papua New Guinea. Again, Slater & Gordon offered no defence against Ross Mining's claims but sought to have the High Court ruling overturned. On 6 July 2000 the Appeal Court rejected the appeal, stating that the defendants 'made no attempt to defend the case on its merits' and ordered Slater & Gordon and the co-defendants to pay damages and costs to Ross Mining. As the judgement was handed down, it is interesting to note that according to the Brisbane *Courier-Mail*, Reinhardt was in East Timor, 'apparently trying to stitch together a few new deals'.

Delta Gold Ltd, which had bought the mine from Ross Mining, issued the following statement on 10 December 2001:

Delta Gold today announced settlement of legal proceedings brought by Ross Mining NL (now known as Solomon Islands Mining NL) against the law firm Slater & Gordon, Denis Reinhardt and Merthyr Holding Pty Ltd, claiming damages for unlawful conspiracy to injure, abuse of proceedings and other tortious acts. A requirement of the settlement was that details remain confidential.

Delta Gold Managing Director and CEO, Terry Burgess, said:

'We are pleased with the outcome of these proceedings and the settlement terms. The strong position taken by Ross Mining on seeking a just and fair resolution has been vindicated.'

Slater & Gordon has provided the following statement:
 ‘Slater & Gordon regrets ever having become involved in the proceedings against Ross Mining in respect of its mining operation in the Solomon Islands and acknowledges such proceedings harmed Ross Mining.’

The harm done to the mining company has been settled; but the damage which five years of struggle both in and out of the courts has done to the Solomons, a traditional society in transition to democracy, remains. As Sir Mekere Morauta pointed out, speaking in the Papua New Guinea Parliament (11 December 2001), ‘These events were factors in the civil war that all but destroyed our neighbour.’ In terms not only of the local situation in the Solomons but also of the worldwide fight for integrity it is significant that the court system of this small Pacific island nation was able to adjudicate without hindrance. It is also significant that the principled stand of Ross Mining was vindicated.

8. If you pay tax honestly you have the right to question government

Asked at a public meeting why he did not pay bribes, **S B Hundre**, chairman and managing director of Polyhydron, one of India’s leading firms manufacturing hydraulic pumps and equipment, replied, ‘Because I do not cheat anybody.’

Hundre says, ‘You must be sure that you do not cheat the government, the bureaucrat, the customer, society or nature. It is no use just putting up such ideals on the factory walls. You have got to practise them. We established systems to ensure that we did not exploit or cheat any of the constituents of the business and that gave me a lot of courage.’ The firm’s policy is not to give credit. By

careful planning it can offer the customer a competitively priced product of top quality with a guaranteed delivery time. This reduces the firm's cash flow problems and the need to borrow from the bank.

With this philosophy and policy behind him, Hundre's approach to a government officer is, 'Please come and help me do my business better. My intention is not to cheat the government; my intention is to pay the government. Help me make more and in turn get more money for the government. With this policy brought into reality no government officer can afford to stop my work. So don't harass me. If you do I will get rid of you because an honest man is never afraid of a dishonest man. If someone says I am honest and he is afraid of someone then he is not honest. He is dishonest. This was what I realised and now no-one troubles us. No customer demands any bribe from us. We have made it very clear this is our policy.'

Polyhydron makes 25 per cent net profit on a turnover of 100 million rupees (A\$ 4.1 million). One third of the profit goes to the government as tax.

Some people argue that money which goes to the government is wasted and is used corruptly and therefore they are justified in cheating. Hundre says, 'It is my duty to pay and when I pay then I have the right to question,' as he did when opening up a new factory.

Polyhydron was opening a new plant in Karnataka State and was not getting electrical power. Bureaucrats kept raising different points and this went on for a month until, eight days before the plant was due to open, Hundre then sent an e-mail to the Chief Minister, telling him the difficulties encountered and asking his assistance. Within four hours Hundre received a reply, 'I am looking into the matter. Be assured.' Within seven days Polyhydron got the power.

9. Something had to change in the construction industry – UK building consultant

A Sheffield firm in the UK is making a big impact on the culture of corruption in the world's building industry, wrote Mike Smith in his book *Beyond the Bottom Line* (2001). Smith continued:

There is something inherently corrupt about competitive tendering, says building consultant John Carlisle, founder of John Carlisle Partnerships in Sheffield. The pressure to underbid rivals inevitably leads to unrealistic tenders, and subsequent cost cutting creates shoddy work, Carlisle says. It all adds up to a culture that has turned construction into one of the world's most corrupt business sectors, according to Transparency International. And in earthquake regions, the consequences spell death.

The pressure to cut costs led the UK construction industry to lay off 200,000 people in the years 1990 to 1996, Carlisle points out. Public works contracts came in on average 40 per cent late and 30 per cent over budget. 'Something had to change—and it did. The basic relationship between the parties improved by design.'

Carlisle is the pioneering exponent of partnering in the building industry and the 'design' he refers to is a new emphasis on establishing partnerships between all stakeholders—from clients and contractors to subcontractors, suppliers, architects, surveyors and designers. The name of his partnering consultancy, of which he is President, says it all: 'The Organisation for Co-operation and Trust'. The company is based in Broom Hall, a three-storey oak-beamed Tudor mansion in Sheffield, built appropriately enough to last for centuries. From here, Carlisle and his small team are quietly tackling the corrupt culture of the world's building industry.

Founded in 1996, and trading as John Carlisle Partnerships (JCP), the firm now has a £2 million turnover, a full-

time staff of 10 and some 30 associate consultants in England, Australia, South Africa and Hong Kong. The total value of the projects they work on is around £3 billion a year, and JCP is involved in advising a range of major clients—from Thames Link 2000, which is building the new multibillion rail link across London, to a giant £2.6 billion underground extension in Hong Kong; from the Johannesburg Stock Exchange to Shell, Sainsbury's and BNFL (British Nuclear Fuels).

JCP helps clients to build relationships between all the parties involved right from the start, initially by bringing everyone around the table to discuss site issues, such as delivery deadlines and co-ordination.

'Co-operation is helping others to achieve their interests without sacrificing your own,' Carlisle says. 'Building a culture of co-operation is the leader's major task. Organisations that know how to co-operate and operate in partnership or in alliances are much more successful than those that do not.' Carlisle sees co-operation and trust—the key words in his lexicon—as the building blocks of business. His company's motto is: 'Co-operation works... but it's hard work!'

Director David Curtis explains that JCP's consultants help clients to design their own 'relationship journey', encouraging 'open conversations' with all the employees. The aim is a 'human agreement' on how to work together. The goal is 'good, efficient implementation and continuous improvements. Some contractors don't like it because they are used to the old adversarial ways. Partnering puts their noses out of joint.' But the acid test is that most partnered contracts are completed on or ahead of schedule and within budget. Moreover, litigation is reduced virtually to zero.

There is still tendering for the initial contracts. But JCP helps to marry clients with the most suitable contractors and, as Curtis points out, once a 'strategic alliance' has been established, and a relationship of trust built, this tends to continue into future projects.

Partnering, says Carlisle, 'is a *sui generis* or unique principle, the whole being greater than the sum of the parts. The process of collaboration releases a great deal of intellectual capital from the stakeholders. In our work we encounter situation after situation where partnering has yielded efficiencies and quality of work unobtainable in the competitive paradigm.'

He cites examples where his firm has acted as the catalyst for this partnering approach:

- Sainsbury's stores are now built in 17 weeks instead of 42, with better designed interiors;
- The Mass Transit Railway Corporation in Hong Kong saved US\$4 million in the first two months of construction of its KTE (Tseung-Kwan O Extension) underground extension;
- Shell increased the life expectancy of an oil and gas field in Holland by 40 years, thanks to partnering with its drilling contractors;
- The Johannesburg Stock Exchange relocated from the Central Business District to the suburb of Sandton on time and within budget. The computers were up and running and 'the occupation was flawless', says Carlisle.

'All of these,' he adds, 'are as a result of honest conversation and real involvement of the stakeholders, which brings about creative thinking as well as efficiencies.'

But is there anything new in all this? Other companies such as PriceWaterhouseCoopers have emphasised 'team-working' between individuals. But Carlisle stresses the need to create an infrastructure between companies at an organisational level. And this, he says, is catching on. 'We are being plagiarised all over the place,' he quips.

Carlisle believes the same principle applies to construction in the world's earthquake regions, from Gujarat to Turkey, Armenia and El Salvador, where thousands of people lost their lives. Such devastation calls for strict

implementation of international building codes. But Carlisle believes that partnering would also help to overcome a cowboy culture of corruption. 'It is about involving all parties, including planners, regulators and residents who deserve safety and a better quality of life. In South Africa it is a given that you engage the local community. Partnering raises the level of honesty and creates the conditions for honest conversations.' He acknowledges that partnering won't guarantee immunity from corruption. But, he says, 'the people who slink away from engaging all the stakeholders must be regarded as suspect.'

Big business, he asserts, 'is showing signs of a new focus on relationships in the way it delivers its products and services, which may lead to a heightened moral consciousness. Partnership is the most obvious manifestation.'

In early 2003, Carlisle stepped down as chairman and withdrew from the company in a management buyout, whilst retaining his links as an associate. The company remains as JCP Consultancy Ltd.

Managers and executives in large companies act:

1. Insiders question FBI, Enron and WorldCom

The whistleblower, right or wrong, is generally not a popular figure. Whistleblowers can often uncover lack of transparency, even corruption and open the way to greater integrity, yet praise rarely comes their way. Many find themselves isolated, ostracised, sometimes wrongly accused and persecuted and become depressed. So it was significant that *Time* magazine nominated three American

women whistleblowers as Persons of the Year for 2002. The three women, who incidentally do not see themselves as 'whistleblowers', quietly and intelligently turned the searchlight of truth on the failings of three major organisations, Enron, WorldCom and the Federal Bureau of Investigation (FBI). They were loyal to their organisations but acted when necessary in accord with the higher loyalties of truth and honesty, the public interest and ethics. Gayle Hill wrote in the *TI Australia News* (January 2003) that Coleen Rowley was an FBI staff attorney whose memo to FBI Director Robert Muller highlighted intelligence failures relating to 11 September 2001, criticised the FBI's culture of secrecy and ultimately triggered an enquiry. Sherron Watkins, formerly a vice-president at Enron, and Cynthia Cooper, from WorldCom, warned their companies' top executives in private memos of the consequences that would result from the questionable accounting practices and were proven right by the speedy demise of both organisations.

It is interesting to note what Rowley's memo to the FBI chief stated. It revealed that the Bureau's federal headquarters failed to act on pleas from her field office that Zacarias Moussaoui, now charged as an 11 September co-conspirator, be urgently investigated and he was not. *Time.com* (22 December 2002) wrote, 'As whistleblowers, these three became fail-safe systems that did not fail.'

2. 'Integrity counts for more than \$10 million' – company chief

When BHP (now BHP-Billiton), Australia's largest company, discovered oil in Bass Strait, they entered into partnership with an international oil company. Tom Ramsay, a BHP manager and industrial chemist by back-

ground, was one of a team commissioned to work out the price for the crude oil. A price method was agreed by the industry and the government, but for the first year BHP had to depend on another company to analyse the oil.

At the end of the first year BHP had set up its own laboratories and BHP chemists found that they did not agree in one aspect with the other company's analysis. However, if their own figures were accepted it could have meant a drop in the price of crude oil for BHP.

Ramsay had the task of recommending to senior management how the company should deal with the issue. Some in the company agreed with Ramsay that BHP should act on the basis of what was right, others thought it silly to question the earlier analysis because it would cost BHP money. After some six months' research and debate BHP's partner prepared a letter which would have perpetuated the wrong method. Ramsay was not convinced by the letter but did not know what more could be done. He took the letter home and showed it to his wife, Elisabeth, who was also an industrial chemist by training and had earlier worked in a large company. While she did not fully appreciate all the technical detail in the letter, she said that she thought the letter was devious. 'That rang a bell with me,' says Ramsay. 'I thought, yes, that's true.' He went back to his boss and told him that he was not happy with the letter, saying he thought it devious. The boss agreed and passed this view on up the management hierarchy.

Ramsay was then called in by James McNeil, the managing director, to explain the issues involved. A senior manager present pointed out that to put the matter right would cost the company \$10 million over the next five years. Ramsay says, 'McNeil looked at him over the top of his glasses and said, "I'm more interested in the good name of BHP than in \$10 million".'

The chairman, Sir Ian McLennan, ordered Ramsay and his team to set up a meeting with the other company and work out what was to be done. He said, 'I don't want any deception in the matter.' As a result the formula for establishing the price of crude oil was changed with the consequent loss of \$10 million. McNeil said, 'I don't want any comebacks over this. I want to make a refund where we have inadvertently overcharged people.'

He persuaded BHP's partner that the company should make refunds to customers which would cost both BHP and its partner \$1.1 million each. Ramsay had the job of taking BHP's customers their cheques. One customer was delighted because it turned the previous six month's results from a loss to a profit.

A friend of Ramsay's, working in the business of one of the customers, told him later, 'We could never understand why you raised this—we realised it was going to cost you money, but I now think it was worth every cent because of the trust that's been created between us.'⁸

3. Fighting for integrity, whatever it takes

The fight for integrity and the refusal to pay bribes is not just a one-off experience. Indian business executive **Om Prakash Bagaria** decided over 30 years ago not to give or take bribes, whatever the circumstances. Shortly after he made this decision he took on the management of a 300-employee factory in Gauhati in Assam, fabricating steel structures. It was a family business, a part of Steelsworth Pvt. Ltd, founded by his uncle. To get orders Bagaria had to finalise tenders, mostly to government departments. Because Bagaria refused to grease the palms of prospective purchasers, job after job went to other competing firms. At that time, he met a Mr Mathur, the purchase officer of a refinery who was known to take bribes. Bagaria said to

him, 'I don't want you to give us this contract so that my company's directors become fatter but so that the lives of 300 people become brighter.' Mathur was moved by this and fought so hard for Bagaria's firm to get the job that Mathur's managing director became suspicious. Bagaria did not get the contract but he counted the friendship he built with Mathur as more important.

After a long struggle, Bagaria eventually won contracts to make heat exchangers, pressure vessels and other items for the oil industry. The profitability of the firm depended on these contracts. Later Bagaria became managing director of the company's factory in Tezpur and also of a small plant in Ranchi, Bihar.

In Bihar, Bagaria's stand for integrity led to a threat to jail him. He had complained to the State's Chief Minister that an official of the Labour Department had asked for bribes. Meanwhile, inspectors from the Heavy Engineering Corporation had found that some of the manganese steel liners produced by Bagaria's factory had the wrong composition. Knowing that the liners were worth Rs400,000, the inspectors said that they would pass them for five per cent of that sum. Bagaria asked them who would be responsible if a blast furnace failed because of the faulty liners. 'Don't worry,' they said, 'others supply worse castings.' Bagaria refused to pay.

The jail threat did not eventuate but the factory had to close down because it was not economically viable. Bagaria says that the factory was useless and that, if he had paid the bribe, his losses would have been much greater in the long run. But some people thought him 'mad to throw away goods that could have been delivered'.

Some time later Bagaria set up a factory in Coimbatore in South India. He installed a generator in the factory and applied for power from the electricity board, aware that he would be expected to pay a bribe. 'Everyone told me that

you cannot get one kilowatt of connected load without paying a certain amount. But something in me revolted,' he commented. Every so often he received messages, 'Come to our offices, we've authorised 35 kws.' Knowing why they wanted to see him, Bagaria delayed. One day however, after praying for release from 'bitterness, condemnation and superiority', he went. This was at the height of Prime Minister Rajiv Gandhi's 'Mr Clean' image and Bagaria said to the official, 'Will one Rajiv Gandhi clean up the whole of India? Doesn't he need people like us?' This struck an unexpected chord and the man almost leapt out of his seat, saying, 'We need people like you.' He sanctioned 35 kws immediately and promised Bagaria an additional 30 kws, the total power applied for, within the month.

Bagaria's colleagues were convinced by this experience and similar experiences of the need and practicality of honesty in business. His convictions have not made life simple for him but Bagaria insists that the struggle is worthwhile. He says, 'If we are concerned about turning society around, absolute honesty is a must.'⁹

4. 'Pay or there is going to be trouble'

At the start of his management career **V C Viswanathan** learned a valuable lesson when an issue of corruption threatened his career. As a young Caltex executive, Viswanathan had emerged from a meeting in the chief engineer's office at the Mysore railway yards with the hard-won permission to build a Caltex oil depot there. He was on his way to phone his bosses with the news when a rail official approached him saying, 'Where's the money?' 'What money?' Viswanathan replied.

'Do you think you can walk away without payment?'

was the response. 'We have never talked about money,' said Viswanathan.

The railway official said, 'Your predecessors agreed to this. Are you a naïve fool?'

Viswanathan said, 'I am sorry but I cannot give you a bribe. I am fighting against corruption in our country. It is eating away and destroying our nation.'

'If you don't pay the money there is going to be trouble,' threatened the official.

Viswanathan did not take it seriously as the man was a junior official. Within less than a week however, the chief engineer at the Mysore rail yards phoned requesting Viswanathan to come to his office. Surrounded by his officers, he demanded that Viswanathan immediately inform Caltex that the depot project was off and under review. When Viswanathan asked why, the chief engineer said, 'The whole matter is being reviewed at the highest level. I don't need to talk to you about it. Get out of my office, young man.'

Dumbfounded by what had happened and fearful of losing his job, Viswanathan did not know what to do. Turning to what he had learnt from MRA about the practice of listening in silence for God's guidance, he did that. 'I listened,' he says, 'and the thought I had was "Go back to the chief engineer and talk to him man to man, not as a Caltex representative".' He went to his office and found him alone. The official made it clear that he did not want to see him. Viswanathan said that he was not coming as a Caltex representative but that he wished to talk. He went on, 'I think I am going to lose my job.' The chief engineer asked why. Viswanathan said, 'Sir, I cannot pay a bribe.'

'What bribe?'

'Two days ago someone in your office said that unless I paid a bribe this order that we had got would be cancelled and now this has happened and you are not

telling me why,' said Viswanathan. The chief engineer, angry and livid, said, 'How dare you accuse me of being corrupt. It has nothing to do with corruption. It is the Railways Union that has objected to the project. There is nothing you can do about it.'

Viswanathan went to see the local railway union leader and related the bribery request. The union leader asked who had demanded the bribe. Viswanathan declined to say. The unionist said that the union's objection to the plan had nothing to do with corruption.

Viswanathan suggested the union leader might contact the All-India President of the railways union, T V Anandam, whom Viswanathan knew. The local unionist, after some discussion with Anandam, passed the phone to Viswanathan, who explained to Anandam that the local union was objecting to Caltex getting a licence to build a depot. Anandam then advised the local unionist that he could trust Viswanathan and take him at his word.

The local union official then asked Viswanathan what Caltex's plan for the depot was. On being shown the plan, the union official was surprised because the plan was entirely different from what he had been informed. He had been told (it later turned out by the person who had demanded the bribe from Viswanathan) that Caltex was planning to build a depot near the railway workers' dwellings. This, he was told, would place their homes in danger from gasses or fire. On the strength of that, the local unionist had contacted Anandam who spoke to the Railways Minister and the whole project had been put under review. Having seen the real plans of Caltex, the local union leader then informed Anandam of the facts and Viswanathan was told subsequently that the project would go ahead.

Since that time Viswanathan has held senior positions in Indian industry, remaining convinced that corruption in

business and industry through persistence can be overcome and defeated.

5. Career versus conscience in IT

Chong Jit-Mun, highly-qualified as a computer systems engineer, had an ambition to make his first million by the age of 30. Landing a job as technical consultant in **Singapore** in one of the world's leading risk management firms, he was steadily working his way up the corporate ladder. He had responsibility for making executive decisions, giving recommendations and for motivating his team. Attractive stock option 'packages' and the opportunity of developing his IT skills further through taking a part-time Master of Business Administration course meant he was on his way towards his goal.

At the same time he was requested by his company to be a major witness in a court case involving a commercial dispute. He was asked, as one of the responsible technical consultants, to say something that was not accurate regarding a purchase order and a delivery date. Commenting on this he says, 'My fellow managerial colleague wanted me to express something that I did not wish to say. I felt it was not straightforward even though it would have greatly strengthened our legal case. My colleague had, in fact, said that we would win the case anyway but "your statement will help us win more beautifully".'

Chong finally decided, before the court case took place, to resign from a job he very much loved. 'But it was a lot easier than putting a price tag on my principles,' he concluded. He is now working in IT related projects, maintaining his conviction that 'You can make things different'. He told me, 'Freedom of choice can enable us to strengthen our personal beliefs and the integrity most of us

are searching for in life. It was this single step which led me to an amazing discovery of what integrity really means.'

Small company executives act:

1. 'I am not paying a bribe' – businesswoman

Arvee International, a small Mumbai manufacturer of writing implements, has a 'no bribery' policy. When excise officials made it plain to Rita Tejwani, a partner of the business, that Arvee's exports would not move without a bribe, she refused to pay. The officials kept asking for more documentation until Tejwani, after a number of visits to the docks, offered tongue in cheek to bring her whole office next time. Realising that delays would lead to Arvee losing the business order, an excise official then openly said, 'You are losing your order by delay, why not pay a bribe?' Tejwani replied, 'I will leave the goods on the docks, but I am not paying a bribe.'

Arvee appealed to higher authority and eventually got a licence to export the pens. The next time the customs officials understood she did not bribe and she was granted the licence.

In 1995 Arvee sought a licence, under a Government of India regulation, to import ink without payment of duty on the strength of the volume of the company's exports. Tejwani was accused by the government official responsible of fraudulently maximising the number of pens exported in order to have the necessary volume of exports to qualify for duty-free import.

She appealed against the decision. The case eventually went to New Delhi before the Chairman of the Export Committee of the Government of India and a panel of 18 people. Many questions were asked of Tejwani. The panel

found it difficult at first to believe that Arvee exported the necessary number of pens when examining the financial turnover involved. Tejwani showed them a packet of ten pens selling for US\$1.03 on which the company made a small profit. They were surprised by the price she was able to sell them at and saw her claim to import ink without payment of duty was justified.

The Chairman had the official in Mumbai who had thwarted Arvee's application for the duty-free licence transferred. 'I don't want people in Bombay discouraging business,' he said.

2. 'Where is your paperweight?'

Roshan Kalapesi in Mumbai applied for an import licence for her firm, Shannon Chemicals Works. Visiting many government offices but refusing to pay a bribe, her efforts proved unsuccessful. 'Sheer harassment,' she said. One official kept on turning the pages of her documentation until he asked, 'Where is your paperweight?' Kalapesi thought he wanted to hold the papers on his desk in place, so she began to put weights on the documents. He was disgusted and asked her to come later.

Two years later she was at a business women's club and people were telling humorous personal incidents. Kalapesi related how green she had been in not understanding the meaning of 'where is your paperweight?' Everyone laughed except one woman. She came up afterwards and gave Kalapesi her card and asked her to see her. She was joint chief controller for imports and exports.

Kalapesi went to her office. She examined all Kalapesi's applications and said that they were all in order. She then phoned the Minister of Industries. Kalapesi went to the Minister's office. She did not see the Minister and was there only five minutes but left with the import licence.

She commented, 'Not having paid a bribe once, I did not have to bribe in the future in obtaining licences.'

3. No more cheap sales of unaccounted stock

Easy money attracted **Gao Shin-Si**, Taiwanese owner of a small lighting equipment business, into corrupt practices. Earlier he had worked in a big company manufacturing lighting equipment and got to know the people in the warehouse. When he set up his own business they offered to sell him stock from the warehouse that was unaccounted for at 50 per cent of the wholesale price, enabling him to make a huge profit. He did this four times a year. He became dependent on the income and paid no attention to proper business practices. He developed a drinking problem.

Through his wife who knew nothing of this, he went along with her to a series of family life seminars led by Liu Ren-Jou, initiator of Taiwan's Clean Election Campaign (see pages 95-102). Gao said, 'After meeting Mr Liu and attending the seminars I began to pay attention to the true feelings of my conscience. I started to listen to the inner voice. Listening challenged me to think what I had gained in the last two years. In truth I had gained nothing, but had lost a lot.' By the end of the seminar series he had the strength and the moral resources to tell the men in the warehouse, 'No more. Don't contact me any more.' He said that he had been involved in 'a smelly practice which I hid from my children and my wife but now my life with my family is transparent.'

4. Building a straight-dealing accountancy firm

Some years ago a **young East-African Asian**¹⁰ took up a post as a junior partner in an accountancy firm. He was determined to prove that honesty was possible in that

setting. His family was behind him, and he won the backing of his partners. There followed 'five or six hair-raising years'.

The firm nearly went out of business as many clients left, saying they did not want to be guinea pigs. And the staff had to endure hassles and lower incomes. 'Many times we asked ourselves if it wouldn't be wiser to concede,' he recalled. 'Success isn't guaranteed in the path of living straight. Often the issues are not clear cut. Is corruption justified if survival is at stake—your own or a client's?'

It is usually fear which overshadows one's convictions, the businessman went on. 'But corruption is corroding the foundations of society. It is not a private problem.'

Some clients who had succumbed to the 'giving' environment were prosecuted. Later, some of these came back to his firm.

'We are now doing well, mainly due to our reputation for dealing straight,' he said. 'New partners know what they are coming into. It is part of the attraction of the job. Some big companies have stuck their necks out like us. But the battle is not over. It confronts you every day.

'Now we enjoy such a good reputation as a credible firm that the top Revenue officers have acknowledged this in the presence of eminent persons. We are constantly having to refuse work because we get more than we can handle and because the business world hunts for accountants who are honest and reliable. So the challenge is to have faith and take a plunge. God ensures you will not go hungry. If you have faith that will move mountains, then God will give mountainous proportions back to you to honour your decision and convictions.'

Citizens act:

1. *Police demand gifts or else*

Wanjiru Mungai, an office secretary, had to face and deal with police corruption. Writing in *For A Change* (December 2001) she described what happened:

Working as a secretary in a busy firm, I handled a lot of money. I worked with four others, my boss, her assistant and two clerks. The clerks had gone on holiday and, the evening before the rest of us were to start our vacations, the boss's assistant received about \$300. He asked me to look after it. I declined as the banks were closed and I was about to go away. A few weeks later, while I was still on holiday, he called me and said that the money had gone missing from the office. I knew that I was innocent so I advised him to call in the police.

When we reopened the office the police came, and I confidently asked them to take our fingerprints. They made us write statements. My boss said that she had not touched the money. Her assistant had reported the loss, and was therefore not suspected. I had testified that the two clerks were away, so the police picked on me. Every morning, afternoon and evening they would come to my office and threaten to arrest me. 'If you will give us something small, we shall forget about the case,' they said. This made me erupt with anger—regardless of how big they were, regardless of how scared I was by the pistols they carried, I told them what I thought. Eventually they gave up.

We never recovered the money, but the fact that I did not give a bribe was important to me.

As we deal with major corruption we must avoid petty corruption. As the saying goes, to cook a big fish well, you have to know how to cook a small one.

2. *'Laws are essential but not enough'*

When Norwegian doctor **Sturla Johnson** discovered that bribery was tax deductible, he felt he had to do something. In a magazine¹¹ article he wrote:

In 1988 the press reported that the Norwegian authorities were giving tax deductions on bribes Norwegian companies had paid in developing countries. The argument was that, as bribery was 'unavoidable' and 'part of the culture' in some countries, payments used to obtain contracts should be regarded as regular expenses. This information made me really angry and I remember thinking: 'This has gone too far. I must do something.' I wrote a strong letter of protest to the Norwegian Minister of Finance. Four of my friends, who like me had worked in developing countries, also signed the letter. We stated that bribery was totally unacceptable and that to make it tax deductible was to condone an immoral and harmful practice. The Minister replied that he would look into the matter.

At just that time, unknown to me, Norwegian State Television (NRK) was setting up a TV panel discussion on bribery and was looking for a participant who would speak against it. The Finance Ministry gave them my name and they got in touch with me. I agreed to take part and suggested that the programme should also include someone from Africa. The producer arranged an interview with a Nigerian friend of mine who was visiting Oslo, and this appeared as part of the one-hour programme.

The members of the panel were the Director of Taxation, four prominent businessmen, a politician and me. The programme revealed some shocking attitudes and business practices, and I found myself almost alone in rejecting bribery. Over the following days there was a lot of media interest and the matter was taken up in a parliamentary question to the Minister of Finance. A few weeks later, he announced that he was ending tax deduction for bribes and

this became law two years later. Denmark introduced similar legislation in 1998 and Sweden followed suit in 1999.

In recent years there have been important developments on the international level, which suggest a change of attitude towards corruption. In 1999 an OECD Convention made bribery a criminal offence, and the European Council has also prohibited it. For the last 20 years, American companies who pay bribes in foreign countries have been liable to criminal prosecution.

The World Bank has also joined the battle. In its 1997 *World Development Report* it concluded that corruption blocks development in poor countries.

In 1999, the Norwegian Minister of Development Aid and Human Rights, Hilde Frafjord Johnson, announced that in future Norwegian aid would be conditional on recipient countries tackling corruption effectively. 'Corruption is one of the most formidable blocks to development,' she said.

I believe that laws and conventions are essential but not enough. Each of us can find ourselves in situations where there is a danger of being bought. For instance, on one occasion a computer salesman offered me a gift of software as he was leaving my office. I was tempted to accept, because it was something I badly needed for my own computer. But in the end I refused. The man was hoping to sell personal computers to the people working in my department. Saying 'no' freed my hands to choose the supplier who gave us the best offer.

As a doctor, I am conscious that at times the relationship between my profession and the pharmaceutical industry has been too close. The industry sponsors medical meetings which are important to us doctors. On our side, our choice of the drugs we prescribe to our patients affects the industry's profits. The industry has tried to influence us by offering us trips, expensive dinners and books, and we have happily accepted.

In 1998, the Norwegian Medical Association and the pharmaceutical industry got together to straighten things out. Certain doubtful practices were stopped and things are now in the open.

3. Buy a good lunch for the vehicle inspector

In countries burdened by endemic corruption the ordinary person finds it difficult to avoid bribery in having the simplest administrative procedures carried out. **Luis Gomes**, representing an Indian charitable body, visited the local inspectorate with the charity's vehicle and trailer. In an interview he told me what followed. The vehicle and trailer, after some small details were attended to, passed the vehicle inspector's test. Gomes, believing that was the end of the matter, requested his papers, although he noticed other drivers had offered to buy the inspector a good lunch or make other gifts. The inspector declined to return the papers and said that he should see the insurance agent in the next room where he would receive a message.

The insurance agent then told the other drivers, who were giving him money, to tell Gomes about it (i.e. the bribe). One responded to the insurance agent, 'You tell him.' Gomes told the insurance agent that as he had been told no message he was leaving. He then told the vehicle inspector that there was no message. The vehicle inspector then found two mistakes in the taxation document book, namely that the number of tyres and tyre size of the trailer were not mentioned, although they were documented in the vehicle registration book. The inspector then refused to pass the vehicle and demanded that the vehicle be brought for further inspection at the headquarters, 100 kms away.

The next day at the headquarters Gomes met the deputy regional transport officer (DRTO), the inspector's supe-

rior, and explained to him what had happened, without referring to the request for a bribe as there were no witnesses. The DRTO said that Gomes should not have been called to the headquarters and then summoned the inspector to his office. The inspector was furious. The DRTO then asked the inspector if the vehicle had passed the fitness inspection, to which the inspector replied in the affirmative. The DRTO then requested to see the fitness inspection certificate, asking the inspector what the problem was. The inspector referred to the lack of information on the tyres in the taxation book. The DRTO responded that that omission was the department's responsibility. He then gave instructions for the book to be updated and handed all the documents to Gomes.

Gomes, while grateful that the problem was resolved, was aware that the charity had nine other vehicles and the inspector could create more problems. Later he went to the inspector in his room which he shared with three other inspectors and said to him, 'You could be a very useful officer for our country, but not in the manner you behaved yesterday.' He presented the inspector with a pamphlet entitled *Foe to Friend*, which the inspector flipped through saying yes to everything, although Gomes felt he did not mean it.

Gomes later realised the self-righteousness of his approach. Perhaps, he asked himself, he should have told the inspector about his own dishonesty on travel expenses which he had put right. This became the way Gomes now responds to an official who asks for a bribe. He admits his own past dishonesties, tells of his actions to correct them and his inability now to give a bribe because of the principles he has adopted. And then he requests the officer's help in sticking to these principles. This he has found to be effective!

4. Returning a truck-load of cash

According to many business people and officials, graft and dishonesty are endemic and systematised in many parts of life in Nigeria. However there are interesting exceptions. A recently married woman police inspector, Ayakpo Okisi, and her navy lieutenant-commander husband, Adesoji Babalola, were driving along a road when they were overtaken by a bullion van. Shortly afterwards the van overturned in a road accident, killing the driver and injuring the guard. The couple stopped at the accident, placed the injured man in their car and as the van burst into flames also saved the 12 million naira notes (A\$171,970). They drove the injured man to hospital and took the cash to an Afribank Nigeria branch whose money it was.

A month later the incident appeared as a small item in the press and public interest grew. The bank, after some criticism, rewarded the couple with 500,000 naira (A\$7,165). Some people, nevertheless, said that the couple were fools and should have fled with the money in the first place. But in an interview Okisi said that neither she nor her husband would have ever considered taking the money. As customers' money, it belonged to somebody else. 'It is not right to take what is not your own,' she said. Asked how she would define what they had done, she said: 'Normal.' (*The Age*, Melbourne, June 2001)

IV

Combating the culture of corruption

The argument: *‘What difference can one person’s stand make on the global phenomenon of corruption?’ People sometimes ask the question as an escape from facing the issue themselves, and sometimes genuinely not seeing what can be done. The answer demonstrated by a number of individuals, who not only made a personal stand for integrity but also engaged others in combined initiatives, is that they can have an impact on corruption far beyond their immediate environment. Going even further than raising standards of business and community integrity, these groups—whether small groups of committed individuals, or larger organised NGOs—tackle the whole culture of corruption. For instance, much of the drive to get the business world and its illicit ‘benefactors’ to clean up their act has come from the Berlin-based non-profit organisation, Transparency International (TI).*

Transparency International’s wake-up call

TI’s influence illustrates what the decision of one individual can lead to in combating corruption. Peter Eigen had been the World Bank’s Resident Director in East

Africa but was so appalled by the sheer wastage of resources on inappropriate development projects that he took early retirement to launch TI in 1993. Since then it has grown to be one of the most dynamic anti-corruption organisations operating on a global basis with chapters in 90 countries.

Eigen was based in Kenya from 1989-91¹² in charge of donor coordination for the Bank. Much of the time he found his work involved rejecting projects of little economic value or harmful to the environment and climate. Yet too often they would return 'through the back door, driven by an unholy alliance of suppliers and local decision makers who received large bribes into their Swiss bank accounts,' Eigen says. Some projects would be up to 50 per cent more expensive than those 'better for the economy and better for the people'.

When the World Bank wanted to support a \$40 million project to rebuild a pipeline for water-starved Mombasa, foreign firms lobbied Nairobi for a more expensive new pipeline to carry water 200 kilometres to the city. Neither project has yet been carried out.

The 'all pervasive' nature of such corruption has 'an absolutely devastating effect' on development, says Eigen. As a lawyer he had joined the World Bank with the ideal of 'working for the development of poor countries and for peace'. But the feeling that his life's work was being destroyed and undermined by corruption 'made me furious', he says.

Corruption, he says, often comes from northern middlemen. 'They sit around in the capitals and on the golf courses; they offer to get ministers' children into Oxford and Harvard,' he said. 'Tiny' Rowland (UK business tycoon) said in a court battle that he needed millions of pounds a year to maintain his relationship with the first families of African countries.

Prior to his Kenya post, Eigen was a division chief for the World Bank in Latin America. In those days, the Bank accepted corruption 'as an unchangeable, inevitable fact of life'—the problem of its partner countries rather than the Bank itself, he says. While the Bank had explicit procurement procedures for goods and services, 'we washed our hands of corruption', and could only act if a court of law in the country concerned had determined wrongdoing. The Bank was not able to take action, for instance, in Zaire when it knew that a high official in the Ministry of Transport had demanded bribes to falsify licence documents.

Now the Bank is much more proactive in tackling 'grand corruption' or what it tersely describes as 'the abuse of public office for private gain'. In 1997 it published its report, *Helping countries combat corruption*, and is ready to place conditionality—once a dirty word in development circles—on aid schemes.

The World Bank was one of TI's first targets, according to TI spokesman Jeremy Pope, speaking at a meeting arranged by the Ministry of Justice in Mauritius in 1997. The strategy was based on the assumption that as long as international financial institutions were prepared to lend money to governments that use it corruptly, then the fight against corruption was not really being joined. Until the nomination of James Wolfensohn, an Australian citizen, as President of the World Bank, it was a lost battle, said Pope.

Pope described Wolfensohn in the following terms: 'He comes from the real world. He is very rich and he doesn't need the job. He says he is doing this job because he loves the job and he wants the job for what the job is. It is costing him a lot of money to take this job, he says, and he does not complain about that. It's good to have someone there who really does not mind if he will lose his job, fighting for what is right.'

At the time of his appointment it was tough for Wolfensohn. The major shareholders of the World Bank were the countries that gave tax deductibilities to their countries' firms when they went out to bribe in the developing world. In effect Wolfensohn was declaring war on the *modus operandi* of the international business community. Pope added that the international financing institutions were now changing and TI regarded this 'as a very important win in this whole battle against corruption'.

The OECD Convention against foreign bribery strengthens Western business people, who might have had a conflict of interest between their moral scruples and their 'duty' towards their company, in eschewing bribery. They will not want to risk going to jail by breaking the law. Agri-businessman and former TI (UK) Chairman, George Moody-Stuart, wrote a pamphlet, entitled somewhat tongue in cheek *The Good Business Guide to Bribery*. In the boardrooms of Europe it hardly resonated with the crooks but, in Pope's words, 'struck a chord with responsible business'.

TI runs two indices estimating the extent of corruption: the Corruption Perception Index which estimates the comparative level of corruption in different nations and the Bribery Payers Index indicating the comparative level of bribe-giving by businesses from different countries.

TI's 2002 Corruption Perception Index ranked 102 countries out of over 200 sovereign nations. Some of the richest countries in the world—Finland, Denmark, New Zealand, Iceland, Singapore, Sweden, Canada, Luxembourg and the Netherlands—scored 9 or higher out of a maximum score of 10 for the cleanest, indicating very low levels of perceived corruption. The UK, Australia, Norway, Switzerland and Hong Kong scored 8 plus. But 70 countries—many of which are among the world's poorest—scored less than 5, suggesting high levels of

perceived corruption in government and public administration. The countries with a score of 2 or less were Indonesia, Kenya, Angola, Madagascar, Paraguay, Nigeria and Bangladesh. The 2002 Corruption Perception Index drew on 15 surveys from nine independent institutions. The surveys reflect the perceptions of business people, academics and country analysts and were taken between 2000 and 2002. No country was included in the Index without results from a minimum of three surveys.

The 2002 Bribe Payers Index showed very high levels of bribery in developing countries by corporations from Russia, China, Taiwan and South Korea, as well as numerous leading industrial nations, all of which now have laws making corrupt payments to foreign officials a crime. 'Our new survey leaves no doubt that large numbers of multinational corporations from the richest nations are pursuing a criminal course to win contracts in the leading emerging market economies of the world,' Eigen said.

US multinational corporations, which have faced the risk of criminal prosecution since 1977 under the Foreign Corrupt Practices Act, still had a high propensity to pay bribes to foreign government officials. The US score of 5.3 out of a best possible clean 10 was matched by Japanese companies and was worse than the scores for corporations from France, Spain, Germany, Singapore and the United Kingdom. The highest scores, indicating the lowest propensity to bribe abroad, were for companies from Australia, Sweden, Switzerland, Austria, Canada, the Netherlands and Belgium

TI also advocates 'integrity pacts' whereby competing companies bidding for a contract and the government concerned sign an agreement not to indulge in graft. This has worked well in Argentina and Panama and in Ecuador, where a petroleum refinery was rehabilitated in 1994 under bidding controlled this way. Despite these advances,

related above and made within a few years, TI is very much alert to the fact that much more has to be done.

On its 10th anniversary in 2003, TI's UK chairman, Laurence Cockroft, said that the organisation would move on from building up its structures (there are 90 national chapters) 'towards being an issue-based organisation, addressing issues such as money-laundering, the arms trade, and forestry [the destruction of rain forests]'

Philippe Levy, chairman of TI in Switzerland, speaking in 2001 to an MRA/IC international conference in Switzerland, said that without the repeated and tireless efforts of TI, the different conventions against corruption (of the OECD and the Council of Europe, for example) would have taken far longer to establish, or might never have seen the light of day. The challenge now was to put the conventions into practice and move from repression to prevention.

Eigen carried this point a stage further. In a speech to the World Economic Forum in Davos (23 January 2003), he said that governments in the developed world must 'insist on full disclosure of aid budgets to ensure that aid goes to those who need it and not into the pockets of corrupt politicians and public officials, and to enforce the OECD Anti-Bribery Convention so that businesses know that paying bribes to foreign public officials will result in fines and jail sentences at home'. There had however only been a handful of investigations and no convictions in the 35 signatory countries since the Convention had come into force. 'Governments must now devote the resources to ensure that investigations and prosecutions are forthcoming, giving the Convention the necessary teeth to deter corruption,' he said.

In some parts of the world, journalists investigating corruption do so at the risk of their lives according to TI's *Global Corruption Report 2003*. The *Report* said that of

the 68 confirmed cases in 2001 of the murder of journalists, 15 were related to corruption investigations and while the year 2002 saw fewer journalists killed in conflict zones, powerful organisations continued to threaten journalists undertaking corruption investigations.

Indian high court accuses government of sinister motives

When corrupt practices are under threat of exposure, governments can sometimes remove the danger by dismissing or transferring the police official or government servant who is uncovering the corruption. I S Inamdar was the Director-General of Police in command of a force of 150,000 police in the Indian State of Maharashtra. He told me that when the State government pressured him to compromise his principles, 'the values I cherished', he resigned. To avoid political interference and the demeaning of the post of Director-General, as he saw it, he suffered a loss of Rs700,000. In countries where there is a reasonably independent judiciary individuals can sometimes however take swift action to counter such moves.

For example, in the same State of Maharashtra, the Deputy Chief Minister and Home Minister, Chhagan Bhujbal, on 22 November 2000 transferred Ronald Mendonca from the key position of Director-General of the Anti-Corruption Bureau to a less significant post. Mendonca took the matter to the State's High Court and the court's ruling was 'that there was a systematic and sinister design motivating those who were bent upon somehow removing the respondent (Mendonca) from said post' and ordered his reinstatement.

The Bombay Times, under the headline 'Did Mendonca know too much?', commented that Mendonca 'was inquiring into corruption charges levelled against some

top ranking public servants and it was this that resulted in him being unceremoniously transferred.'

The Indian Express (24 November 2000) wrote of the seven months in which Mendonca was head of the Anti-Corruption Bureau: 'From day one, Mendonca took his task a tad too seriously, it seems. In a rather short period, he was able to give some personalities in the city and police officials some sleepless nights.' The paper reported that 374 police officers and public servants had been caught accepting bribes, including an additional commissioner of police whose property and assets were found disproportionate to his income.

Within two days of Mendonca's reinstatement as head of the Anti-Corruption Bureau by order of the High Court, Home Minister Bhujbal decided to bifurcate the Bureau, comprising a key section based in Mumbai and a less sensitive section based in the rural area of the State. He then decided to transfer Mendonca to head the new rural section.

Two Mumbai citizens, Dr R K Anand, a leading paediatrician and Dara Gandhi, a businessman, immediately responded by challenging the State Government's decision to bifurcate the Bureau by filing a public interest litigation in the High Court. AGNI (Action for Good Governance through Networking for India), an NGO, got permission from the court to intervene in the matter and support the petitioners. In their submission, they stressed the need for the Anti-Corruption Bureau to be independent of government interference, and said that the State Government by dividing the Bureau was 'playing games' with the High Court's decision and by marginalising Mendonca was acting against the public interest in an arbitrary and capricious way.

The State Government yielded, and reversed its decision to bifurcate the bureau. Mendonca finished his term as

Director-General of the Anti-Corruption Bureau in Mumbai before he retired.

In 2002 Dr Anand, Dara Gandhi, former union (federal) Cabinet secretary B G Deshmukh, and a few other prominent citizens of Mumbai formed a trust—Public Concern for Governance Trust (PCGT)—for promoting honesty, transparency and accountability in governance. Since then the PCGT has taken up several issues of public interest.

Fighting corruption was not new to Anand. He had spearheaded the fight against the infant food industry and drugs companies over their 'buying' of the medical profession's support of breast milk substitutes and pharmaceutical products of doubtful value.

Back in 1980, the Indian government had set up a committee to consider adoption of a code, drafted by the World Health Organisation and UNICEF, for restricting the marketing of breast milk substitutes. Anand found that the Indian Academy of Paediatrics, through one of its office-bearers on that government committee, had been offered a donation by Nestlé for an 'Oration in Social Paediatrics'. Anand was active in providing evidence in support of the WHO/UNICEF Code. A Nestlé representative visited him, politely introducing their own 'Industry Code' as an alternative to government legislation. At the Academy's General Body meeting, Anand pointed out a conflict of interest. Despite some outspoken opposition, the Academy voted overwhelmingly to refuse the Nestlé donation.

In 1994 the Academy turned down a half million dollar contribution from Nestlé when the Academy hosted the 8th Asian Congress of Paediatrics. And finally in 1996 the Academy voted to refuse all financial support from the baby food industry.

Drama exposes high-level corruption in Japan

In 1959 Masahide Shibusawa, son of a former Minister of Finance, was instrumental in exposing corruption in top political circles in Tokyo. He did this through the medium of a powerful drama, *Shaft of Light*¹³. The play was so direct in its portrayal of prominent people that he and his Japanese colleagues in MRA were fearful of what might happen to them and their children once they staged it. Challenged and encouraged however by the words of a close American friend, Dr Frank Buchman, who told them after reading the script, 'People may want to shoot you, but you will save your nation and future generations will be grateful,' they went ahead. It was staged in a theatre 400 yards from the Diet (parliament) building.

The play caused a sensation. Shortly after its opening a top security officer came to them, having seen the play's portrayal of bribery and espionage in high places, and complained, 'It is exaggerated. You can't keep this play on. It is dangerous.' He returned some days later and said, 'I was wrong.' He said, 'I have had it investigated and it is all true. The situation is deadly serious.' Members of the cabinet, leading industrialists and trade unionists came to see the play. Television broadcast it to the nation.

The Prime Minister, Nobosuke Kishi, sent for the author of the play and his friends. They told him the facts, as they saw them, about the country and his own Cabinet. They challenged him to clean things up. He replied, 'You are the only people who love our country enough to tell me the truth. Go on talking to me like this. The door is always open to you.' On seeing *Shaft of Light*, people changed in their attitudes and in their practice of honesty and integrity. This later had an impact in Japanese business and political circles, particularly during the national crisis of 1960.¹⁴

Ombudsman faced death threats

In the five years 1994-99 as Vanuatu's first Ombudsman, Marie-Noelle Ferrieux-Patterson exposed maladministration and corruption among the top leaders of the Pacific island state. Speaking at the 10th International Anti-Corruption Conference in Prague in 2001¹⁵, she said that political leaders 'issued illegal Reserve Bank guarantees representing twice the annual budget; sold passports; plundered disaster relief funds; sold government assets and housing cheaply to themselves; robbed the nation's pension fund to award themselves non-commercial housing loans; and paid themselves illegal compensation from public funds for alleged political grievances.'

As Ombudsman she had brought these matters to public attention through a series of official reports. She came under repeated attack in the Parliament and the media as a result. A government minister, attempting to intimidate her, planned her assassination. 'I can tell you it is a chilling experience to read statements made by those involved in plotting your death. But to surrender to these fears only makes it easier for evil people to control how we live. I was encouraged from the beginning by widespread support from the general public and civil society—the churches, the chiefs and ordinary people,' she said.

From November 1996 the Cabinet conducted a series of political-cum-legal moves to remove Ferrieux-Patterson from office for alleged constitutional breaches and, when that failed in the Appeal Court, to petition the President to dismiss her. The Supreme Court ruled this petition by the Cabinet as contrary to law. This was the first time an Executive decision had been both challenged and overturned in the courts. In November 1997 the Vanuatu Parliament repealed the Ombudsman Act, but the President refused to give his assent and referred the Bill to the

Supreme Court for a constitutional opinion. The President dissolved Parliament citing corruption as a reason and the dissolution was upheld by the Appeal Court. A new Ombudsman Act was passed by the new Parliament.

Despite these Government setbacks none of the political leaders, who had been accused of corruption by the Ombudsman and others, were formally charged in the courts and most of them were still in power.

‘However, the positive result of my work as Ombudsman,’ she said, ‘is that at least the information is in the public domain. Leaders and numerous illegal schemes have been thoroughly exposed which in itself acts as a deterrent. There is a stronger free media—and that makes it more difficult to abuse the public trust, or the public purse.

‘As individuals in today’s world it is difficult to think we can make a difference. Mergers of companies and countries into increasingly large blocs can make us feel less and less able to influence, let alone change, anything.

‘Yet small actions can and do make a difference, which is just as well because it is the only thing most of us have the opportunity to do. If an ordinary professional woman and mother like myself can help to change one tiny part of the world in a positive way, so can the thousands of other dedicated people who like me want to leave a better world to our children.’

Vanuatu’s elections in 2002 proved to be peaceful due to initiatives taken by TI and an Electoral Observer Group (EOG) and the presence of heightened security, according to Australian Broadcasting Corporation journalist Sean Dorney. The EOG reported to the Prime Minister that a flawed electoral roll was the main cause of the country’s electoral difficulties. The Australian and New Zealand governments have committed financial resources to strengthen institutions to counter corruption before the next elections in 2006.

Tackling corruption in Australia's 'Sunshine State'

In 1988 high level police and government corruption in the Australian State of Queensland began to unravel before the glare of the media and a stunned public. The revelations at a Public Enquiry into Police Corruption, headed by Tony Fitzgerald QC, not only shook the mineral rich State, but brought into sharp focus questions many Australians had about the soundness of State administrations and of Australian society in general.

The experiences of Ray Whitrod as Police Commissioner in Queensland reveal the dangerous and difficult struggle of an honest official against corruption in the decade or so before the Enquiry. Almost twelve years earlier, in 1977, Ray Whitrod had resigned as Police Commissioner on a matter of principle in protest against the promotion to Assistant Commissioner of an officer whom he at the time suspected of corruption. Whitrod had attempted to clean out corruption in the Queensland Police and, although he had not succeeded, his judgement and insights were now being vindicated by the Fitzgerald Enquiry 12 years later. Whitrod had a reputation for honesty. He had told his hometown newspaper, the *Adelaide Advertiser*, 'The active pursuit of truth is a liberating and progressive force for society.' And this was not just theory. As a young police officer in uniform he had fronted up to the manager of a bookstore to pay for books he had shoplifted. Other acts of restitution were made, small in themselves perhaps, but fundamental to his subsequent integrity and career.

The police reporter in Brisbane's *Sunday Sun*, reviewing Whitrod's seven-year battle to expose corruption, wrote, 'When supercop Ray Whitrod came to town in April

1970, it should have been a trouble-free era for the Queensland police force. Nothing could have been further from the truth. From the moment Mr Whitrod became police commissioner he was under siege from within. He never had a chance.'

Reviewing what happened during those critical seven years, Mike Brown writes in his book, *No Longer Down Under: Australians Creating Change*¹⁶:

Two major obstacles presented themselves on Whitrod's first day as Queensland Commissioner. The old brigade of the police union publicly poured scorn on Whitrod's plans to change promotion procedures. Known as 'the Green Mafia' because of their Irish background, the union's executive had powerful political friends, including State Premier Joh Bjelke-Petersen, a former police minister. Whitrod suffered their 'implacable hostility' to every reform he tried to introduce.

The second obstacle became evident when a senior officer took Whitrod aside and warned him of serious corruption in the detective branch of the force. The allegations were repeated the next day by another senior constable. The two officers claimed Whitrod's predecessor had recruited three detectives to act as 'bagmen', and they were collecting bribes in excess of half a million dollars each year through an extensive police protection racket. Known as 'the rat-pack', they operated under the cover of the Vice Squad, collecting from illegal bookmakers and the prostitution industry.

Whitrod now says that his main mistake in Queensland was to try to move too fast. But it took him 18 months before he could find officers trustworthy and courageous enough to form a Crime Investigation Unit (CIU), in order to break through the 'blue curtain' of police solidarity and uncover the 'bent coppers'. His driver on that first day was one of Whitrod's recruits. The union, of course, staunchly

opposed the CIU's work, branding anyone who cooperated with them as 'police spies'.

Two more years passed before the CIU could land any solid evidence. A prostitute who had fled to Sydney agreed to come back to Queensland to give evidence, though she believed she would be killed if she did. Her information led to one of the 'rat pack' being charged. Despite tight security, tragically, she was found dead only days before the hearing from what was said to be a suicide by drug overdose. Another key witness died in a car accident; others backed out. One policeman ready to testify cracked under the pressure and had to be invalidated out of the force as a neurotic. Though Whitrod's team brought 25 cases of police misconduct to court, not one reached a successful conviction.

Whitrod had the backing of the Police Minister, but a series of critical decisions he had made were countermanded by State Cabinet. Maintaining that his oath of office had been to uphold the law of the land, not to the government of the day, he tried to go direct to Premier Bjelke-Petersen. He was refused an interview.

The issue came to a head when Cabinet ignored the Commissioner's recommendation for his deputy and appointed instead an unknown grade 2 inspector, Terence Lewis. Some years earlier Whitrod, suspecting that Lewis was one of the 'rat-pack', had banished him to the country town of Charleville. But Lewis had a 'charmed life' with the Queensland Cabinet, it seemed, and they promoted him past 112 of his colleagues and 16 officers, in spite of the unresolved allegation of corruption against him. It was the last straw: Whitrod resigned, at great personal financial cost. Terry Lewis (later Sir Terence) went up one more notch and took Whitrod's place at the top of the force until he was sacked by the Cabinet during the Fitzgerald Inquiry 12 years later.

Whitrod has sometimes been criticised for resigning on high moral principle rather than sticking it out. But it was a

stand on the principle of independence from political interference, not frustration, that caused his resignation. He maintains that Lewis, with the Premier's backing, would have been effectively in control, and that he himself would have been an honest frontman at the top of a force riddled with corruption.

Clearly Whitrod's investigations and subsequent resignation triggered the media probes and public consciousness which made the Fitzgerald Inquiry a political necessity. As *The Australian* commented years later, 'Whitrod was one of the first crusaders who fought the corruption seen by many as endemic in Queensland's power structure... His resignation sparked a fierce debate over corruption in the police force and government.' The once-unrivalled state Premier Sir Joh Bjelke-Petersen was forced to resign, and his National Party was soundly defeated after 32 years in power. Police chief Lewis was found guilty on 15 counts, sentenced to 14 years' jail and stripped of his knighthood. Among the policemen convicted was one inspector who personally collected \$180,000 in bribes.

Even so Tony Fitzgerald QC, Commissioner of the long running Enquiry into Police Corruption, said that he had only uncovered the tip of the iceberg. Fitzgerald saw his primary task as the prevention of future corruption and so set about exposing the system and its 'social culture'. He urged the State government to make far-reaching reforms in government and police administration and in the electoral system, which the government did and which resulted in, among other changes and improvements, a police service which regained public respect.

But he also said that 'propriety and ethical behaviour were difficult to encapsulate in legal and structural terms' and warned that 'the ultimate check on maladministration is public opinion'.

Tax-cheating, social security and expense account

fiddling were often thought 'smart' by many of the public. Too few accepted the real connection between this and the high level corruption uncovered by the Fitzgerald Enquiry.

As one MP graphically put it to a colleague and myself, 'Corruption doesn't start with \$30,000 bribes. If we are to tackle corruption we need absolute moral standards. Relative standards haven't a chance.'

Against this background a group of ordinary citizens, of which I was one, launched the grassroots initiative which they called 'Our Decision for a Corruption-free Queensland'.¹⁷ They challenged dishonest community practices and provided a focus for the expression of public opinion. Roger Duke, a lecturer at the University of Queensland, said: 'We members of the public are tired of sitting back and expecting the politicians to do everything. It's up to us Queenslanders to do something as well.'

Starting with themselves, they called on individuals to commit themselves to a five-point 'super honesty' programme, as Perth's *Radio 6PR* put it.

The points were:

- 1. To make no false claim on any expense account, government or private;*
- 2. To pay taxes honestly;*
- 3. To offer no bribe to win administrative favour, personally or on behalf of a company or business;*
- 4. To accept no bribe or inducement to give favourable treatment;*
- 5. And finally, if a corrupt or dishonest practice had been entered into, to make appropriate restitution.*

Their Decision for a Corruption-Free Queensland reached the public through churches and through press and radio. In it they said: 'Any system, however well

designed, is only as effective as the people who operate it and the community environment in which it functions. In the final analysis the only effective and durable answer to corruption is incorruptible men and women.'

Some of those who pledged themselves to the five points contacted tax or social security offices to make restitution. One radio commentator when asked if he would sign up, said, on air, 'This could cost me an arm and a leg.' With the support of Deputy Opposition Leader Tom Burns, who later became Deputy Premier, campaigners for the Decision visited or wrote to all State MPs, outlining their convictions which they saw as basic to public integrity. At the height of the corruption debate in the State Parliament two MPs commented on the relevance of the Decision and committed themselves to its principles. The Moderator of the Uniting Church in Queensland, the Rev John E Mavor, sent the declaration, signed by himself, to all parishes in Queensland, urging his fellow ministers to invite members of their congregations to take it on and inform their local State MPs.

News of this initiative in Queensland, Australia, spread through the international network of MRA. It later proved to be the laboratory experiment for a much larger action in Taiwan called the 'Clean Election Campaign', aimed at the corruption of vote-buying. Such developments illustrate the hinge connection between personal integrity and effective public action in challenging corruption.

Clean election campaign launched in Taiwan

Business corruption, as we have seen, is often linked with political corruption. The reality of this galvanised a group of people in Taiwan in 1992, causing them to launch what became the 'Clean Election Campaign'. It became a model for similar actions in Brazil and Kenya. Liu Ren-Jou, whose courage and commitment fired the Campaign, described how it started to an international conference¹⁸ in 1995. He said:

In 1991, Taiwan conducted its first general elections for members of the National Assembly. Vote-buying was rampant. The atmosphere was such that the election came under great criticism from the public. (The National Assembly is the constitutional organ and has no legislative power. That resides with the National Legislature or Parliament.)

Towards the end of 1992, when the first complete electoral reform for legislatures was scheduled, one could predict that the main political power would move to Parliament. In May, one day as I was having lunch with two members of the business community, they were both very worried that the mood for vote-buying would favour only ambitious politicians and enable financial groups to enter Parliament in great numbers, thereby worsening future politics. Business opportunities in Taiwan would become even more unfair. Fair competition and management and the development of the economy would certainly regress, the general environment would worsen and very soon Taiwan would lose hope.

The next day during a time of reflection, I had a strong inner thought to initiate a clean election campaign.

After discussing this with friends and colleagues in Moral Re-Armament in Taiwan, we decided that over the next five years, MRA would go all out to promote a clean election campaign.

As an individual, I publicly announced that I would never enter politics or take part in any political elections at any time, in order to prevent people from thinking or believing that I had any personal ambitions. I also stated that I would never become a politician.

The Campaign had a four-point strategy:

- 1. Strive for joint action with non-government groups and religious groups;**
- 2. Win the trust and support of the ordinary people;**
- 3. Work for a positive response from the media and the public;**
- 4. Make sure that the government keeps its promises in carrying out reforms.**

Taiwan's Clean Election Campaign was launched a few months prior to the 1992 national Legislature elections. In an interview with two of the Campaign's leaders, Liu Ren-Jou and Jack Huang, a legal adviser to several major enterprises, Taiwan's *Global Views Monthly* magazine reported: 'It was Liu who conceived the idea of launching the "anti-corruption movement". Some friends criticised him as a Don Quixote but he persevered. His conviction that "human nature could be changed" inspired others in MRA to join him.' The article added that Huang's tactical skills had won the full cooperation of 68 other civic groups who also became partners in the campaign. In response to criticism, Liu responded, 'We are not engaged in a political struggle.' Indeed, all those running the Campaign, he said, were personally committed to maintain political neutrality; seek no personal advantage or gain; generate no hatred towards the corrupt but inspire love of country as the motive for action; and run the public demonstrations peacefully and with joy.

As the weeks went by the impact of the Clean Election Campaign grew and became 'a raging fire', according to

Global Views Monthly. The Minister of Education, Mao Kao-Wen, wrote to 4.2 million parents of schoolchildren in support of the Campaign. He said that the behaviour of parents influenced the development of their children's character and none of us would wish our children to cheat in school exams. Parents must set the example and refuse vote-buying. *The China Post*, Taiwan's largest newspaper, supplied free advertising space for the Campaign and printed stickers, leaflets and slogans. By the time of the vote, some 670,000 voters had committed themselves in signed statements not to accept a bribe for their vote nor to vote for any candidate who offered a bribe—practices which had been commonplace for two generations. Of the 350 candidates for the Legislature, 162 signed pledges against vote-buying. President Lee Deng-Hui and Prime Minister Hao Po-Ts'un received members of the Campaign and personally handed over their signed pledges against vote-buying and bribery.

The results of the Legislature elections were hailed by the media as the miracle of the Clean Election Campaign or the victory of people power. Five billionaires who had stood as candidates offering all sorts of incentives were defeated—and in those same electorates the highest number of votes went to candidates who had supported the Clean Election Campaign. The ruling party, the Kuomintang (KMT), lost heavily and the opposition Democratic Progressive Party (DPP) doubled their number of seats. The General Secretary of the Kuomintang resigned.

A Japanese TV station crew came to Taiwan to cover the news of the Campaign. Asked by TV where he had got the idea for the Clean Election Campaign, Liu replied, 'From Queensland'.

The Campaign was certainly one factor in the swing of public opinion against vote-buying. It also helps explain the broad public support for then Justice Minister Ma

Ying-jeou's crackdown on corrupt practices in the city and county elections of March 1994. Twenty-three were arrested, including a speaker, a deputy speaker and nine councillors from city or county authorities on charges of buying votes or accepting bribes. They were found guilty and *The China Post* reported that Ma's move had been 'like an earthquake measuring more than six on the Richter Scale, rocking not only the main opposition Democratic Progressive Party but also the Kuomintang'. Ma told me that the Clean Election Campaign had a positive effect on his crackdown campaign. In fact the two campaigns had interacted on each other.

Following the arrests, the regional chairman of the KMT resigned. A senior official of the KMT pointed out that if Minister Ma continued his relentless attack on corruption the grassroots structure of the KMT could collapse. A group of KMT legislators warned Ma that if that happened he would be held responsible.

Ma responded by telling the Legislature that anyone believed guilty of vote-buying would be prosecuted, regardless of his background and political affiliation. The fight against corruption was not for personal show but an ongoing national policy. Nevertheless political pressure from within the ruling KMT on the President led to Ma's eventual departure from the Ministry of Justice. He told me however, 'After three years of crackdown as the minister I was able to prosecute more than 5000 government officials and 7,500 people involved in vote-buying. The conviction rate when I left the Ministry (and most cases were still pending) was 40 per cent.

'Eight hundred and thirty-three city and county councilmen were investigated and 341 prosecuted. In one county of 60 councilmen, 54 were prosecuted. Eleven councilmen in Pindong County were disqualified after being elected. If we pursue things persistently in a very

determined way we can really get things done.' But it was not only Ma's determination and that of the prosecutors and investigators that produced results, it was also the quality of personal integrity. Ma said that from an early age he had guarded against any form of cheating or corruption. So when he became Minister of Justice, his conviction for personal integrity broadened, he said, so that it was 'not only for myself and those around me but also for the people of the country'.

The Prosecutor-General said on Ma's departure as Justice Minister that if he had been able to stay on for a further three years, Taiwan would be a very different place. In December 2002 Ma won a second term as Mayor of Taipei and is regarded as potentially the main rival to President Chen Sui-bian in the elections due in 2004.

The present Minister of Justice, Chen Ding-Nan, in the Democratic Progressive Party government of President Chen continues the relentless fight against corruption and what is termed 'black/gold politics', where criminal figures buy their way into public office as legislators, mayors or councilmen. Chen, nicknamed 'Mr Clean', was described by the popular monthly magazine *Commonwealth* as one of the 50 most influential figures in Taiwan's history. The *Asian Wall Street Journal* (11 September 2000) quoted Chen on assuming office, 'In the past, the government and the people didn't obey the law and a lot of things that were wrong ended up becoming right. The crackdown on graft by the new government is an opportunity for people to be educated about the law. We can't let Taiwan continue to be lawless.' In the recent past, 10 per cent of the members of the Legislature, around 20 members, had backgrounds associated with gangsters, he told me in an interview. In the present Legislature following the December 2001 elections, however, only one member was considered to have a 'mafia' background. The London-based *Financial Times*

covered these national elections and reported that they were the cleanest in the history of Taiwan. *The China Post* conducted a poll two days after the election and found that 70.1 per cent of the people considered the problem of vote-buying had been greatly reduced and were satisfied that the result of the election was fair.

People are beginning to understand, Chen says, that it is not right to receive money for a vote nor to offer money for votes. However, in the rural areas, where vote-buying is conducted through personal contacts, people are reluctant to report such practices to the police or government. 'It is going to take some time before the culture of vote-buying disappears from Taiwan. In terms of the more important elections for the Legislature or for mayors we have seen satisfactory results.'

From 1992 to 1997, the Clean Election Campaign was in action at every election—national, city or local. Hundreds of teachers and university students volunteered for training for the Campaigns, conducting public meetings, demonstrations and seminars. After 1997 the success of the Clean Election Campaign led to the setting up of an officially sponsored campaign against vote-buying and other forms of political corruption. The Clean Election Campaign, as a voluntary organisation, was wound down, having completed its five-year commitment to public action.

Evaluating the work of the Campaign, its present Vice-Chairman, Buddhist Master Shihjingyao, said that the current government was taking active measures to crack-down on vote-buying because of the persistent efforts of religious and civil society over the last ten years. He said, 'We have been telling the voters that this country belongs to us all. It is up to us to help create a political environment based on clean elections and sound politics so that we can have politicians of good character working for the

good of our country. This kind of responsibility belongs to each and every citizen.' Master Shih, also a member of Taiwan's Central Electoral Committee, said that although Ma Ying-jeou, a former Minister of Justice who had worked closely with the Clean Election Campaign, had suffered a political backlash and was forced to step down, progress against vote-buying continued over the years. 'We now see that the current government is very serious about cracking down on mafia-style activities and money politics.'

Su Yin-Kuei, a member of the Legislature and supporter of the Clean Election Campaign, not only campaigned against vote-buying and money politics, but also has a track record in tackling corruption in the judiciary. As a lawyer in Kaohsiung, the second city of Taiwan, in 1991 he brought to public attention the issue of corrupt payments to judges by 'mafia' families in a magazine he published. He told me in an interview that this practice was known among lawyers but not generally by the public. The payments were made to persuade a judge to reduce the sentence of a convicted criminal. In 1995 Su went further and published the names of the judges in the Kaohsiung district receiving bribes and the amount they received. He told me, 'When I published this information I anticipated something would happen to me.' Two weeks later he was violently attacked by two men, left for dead, but fortunately survived.

Later the Kaohsiung Lawyers' Association took up the campaign against corruption in the judiciary under Su's direction as coordinator. This was followed by the Taipei Lawyers' Association and eventually the campaign went national. Judges with a bad record were transferred by the government to remote counties.

Su is a member of an unofficial inter-party parliamentary committee which seeks to have three anti-corruption

bills passed by the Legislature. The Sunshine Committee, as it is called, aims through this legislation, he says, 'to shine sunshine into this dark corner' of parliamentary corruption. The three bills cover the following areas:

1. Political Donation Bill to ensure that all MPs declare any income besides their parliamentary salary;
2. Freedom of Information Bill, whereby the public can access government and public information;
3. Political Parties Donation Bill whereby political parties will need to declare their sources of income and how that income is used.

Action in Brazil

Brazil's national elections in October 1994 took place following the impeachment of a President and the indictment of 37 Members of Congress for large-scale misuse of public funds. Despite the public's understandable disillusionment with politics the elections were successful: there were demands for candidates to behave ethically and a near complete absence of violence. This was an accomplishment in a nation of around 170 million with a literacy rate of 20 per cent, a wide gap between rich and poor and covering a huge land mass, much of it remote and not easily accessible.

The anti-vote buying campaign, Save Brazil with Clean Elections, played its part.¹⁹ It was built on earlier anti-corruption initiatives in the ports, the *favelas* (shanty towns) and among taxi-drivers in Rio de Janeiro. The campaign aimed at ethical participation by both citizens and candidates. The initiators were the President of Rio de Janeiro's biggest trade union, a major employer, a *favela* community leader, a committee member of a taxi-drivers' co-operative, and the President of the MRA Association in

Brazil. Before the election, Congressman Jones Santo Neves said in Congress that Taiwan's Clean Election Campaign was 'an example we in Brazil ought to follow'. On his invitation three Taiwanese campaigners visited Brazil. They spoke at meetings and gave media interviews across the country.

The campaign quickly won support. Taxi drivers in Rio de Janeiro invited their passengers to sign pledges not to buy or sell votes. At weekly meetings in Rio, community leaders held public 'launchings' of the campaign in busy squares, selling banners, stickers and T-shirts they had designed.

In the state of Espirito Santo, the head of the local campaign committee, Geraldo Barcelos, had 80 professional and community associations working with him, including the Chamber of Commerce which he heads.

Correio Braziliense, the capital's leading paper, reported, 'A great movement, above party, is going to take over Brazil, from August onwards. It is a campaign for clean elections which puts a choice before all Brazilians, voters and candidates, ruling out corruption and the buying and selling of votes.' *Manchete*, a TV chain which covers 93 per cent of the country, showed without charge 'clean election clips' several times a day during the month before polling—publicity worth US\$ 1.3 million.

The election results showed that public disillusionment was still a strong force—15 million ballot papers were spoiled or left blank. Nonetheless, almost all the candidates who had been accused of corruption in the last Congress were rejected. And the rules were enforced rigorously enough for the vice-presidential candidates of the two main contenders for the Presidency to be forced to step down. In Rio de Janeiro State, where criminals and drug-traffickers have openly challenged the police in control of public order, the October polls were declared

fraudulent and rescheduled for November. The power of money had not been broken, but all observers agreed that the election was a big step forward in the right direction.

All this in a land which Brazilians wryly call 'the empire of impunity'.

Kenya initiates campaign

Joseph Karanja, a lawyer, convinced of the effectiveness of the Taiwan Clean Election Campaign, brought together 10 people for a weekend conference to consider the situation in Kenya. As a result they decided, in the interests of the future of democracy, to launch the Kenya Clean Election Campaign (CEC) for the 1997 elections.

They then talked with the heads of the Catholic, Anglican and other churches and the religious leaders of the Muslims. They put forward three main points:

to ask people to commit themselves to accept no bribe nor vote for any one who offered a bribe;

to encourage people to take responsibility for the integrity of the voting process in the voting booths; and

to encourage honest men and women to stand for election to parliament.

The Christian and Muslim leaders gave their full backing to this and encouraged CEC speakers to address their congregations which over the succeeding months the CEC did. This proved a most effective way of reaching the ordinary voter as the churches are always full in Kenya on a Sunday. A group of businessmen helped finance advertising of the Campaign in the Kenyan press and a printer undertook to print hundreds of thousands of leaflets without charge.

Violence was a risk for anyone fighting for a clean election. At one voting booth a candidate, with security police protection, turned up with boxes of false voting papers.

He demanded they be included in the tally. The officials and the volunteers at the booth refused him entry. The police warned, 'Let him in or we fire.' The people refused and the police opened fire, killing two people. 'Now will you let him in?' said the police officer. The people replied, 'You'll have to kill all of us first.' The police then withdrew.

Campaign leaflets outlined 14 qualities of a good leader (all of them non-political qualities) as a background for voting choices. Thirty candidates, who probably would not have stood for election but for the encouragement of Joseph Karanja and his colleagues because of the perceived corrupt nature of politics, won office. They represented different parties in the Parliament. Eleven government ministers and 26 deputy ministers lost their seats and President Arap Moi's majority in the Parliament, which formerly was around 60, was reduced to four. Some members of President Moi's own party were no longer simply yes-men and his dictatorial power was reduced.

James Mageria, formerly a Vice-President of World Vision and a friend of Karanja's, said that the Kenya Clean Election Campaign had inspired him both in his efforts to form the Constitutional Review Commission and in initiating the wider Clean Kenya Campaign which took the cleaning up of society beyond electoral politics.

As the time approached for the key 2002 Presidential and Parliamentary elections, which led to the political defeat of President Moi and his KANU party, the Kenya Clean Election Campaign along with many other groups began their preparation.²⁰ The Kenya Domestic Observation Programme (KDOP) invited the churches, the Hindu Council of Kenya and the Supreme Council of Muslims to monitor the elections. Another KDOP partner was Transparency International's Kenya chapter, led by its chairman, John Githongo. The operation was funded by the Euro-

pean Union. It involved 20,000 Kenyans acting as observers: one for each polling both. On the whole, this helped to prevent election rigging.

TI exposed how the Moi regime had siphoned off State funds to help pay for the ruling party's own campaign. This was widely reported in Kenya's free press. Each week during the election campaign KDOP gave press conferences, raising its concerns about the unfair use of State resources, as well as concern about the reporting bias of the State-run media. 'We made such a fuss each week that the election commission had to investigate and act,' said Ashwin Patel, a member of the strategic board of KDOP and Clean Election Campaign advocate. 'Perpetrators of violence and other corrupt election practices were arrested and prosecuted.' Moi's people, he said, were buying election cards to prevent people from voting and KDOP successfully exposed this. Kenyans declared brazenly, even on TV and radio programmes, that they would take the cash handouts offered by Moi's regime but would still refuse to vote for him. Patel said that people were taking a certain risk in declaring this, as they might have become victims of retribution if the ruling KANU party had been re-elected.

In the event, the KANU party was soundly defeated, Moi's 24-year hold on power was over, and only four out of 30 government ministers held their seats in parliament.

Again, as in the 1997 elections, the Kenyan Clean Election Campaign (CEC) was in the forefront of action for a free, fair and non-violent election. In the years leading up to the 2002 elections, CEC had urged communities to identify credible and non-corrupt leaders in their areas and encourage them to stand for Parliament, said Lawrence Ngamau, a Nairobi stockbroker and CEC advocate. CEC advised the electorate throughout the country about their role in choosing a clean government. CEC activists distributed 140,000 leaflets and spoke on hundreds of occasions

on radio and TV talk shows, in church pulpits, in schools and at public gatherings. 'CEC called on the electorate to pledge that they would not be party to any violence or corruption and that they would report corrupt practices.' Nairobi-based lawyer Francis Kimani, commented in *For A Change* (April-May 2003), 'I still remember how a congregation of about 3,000 people at the Christ the King Cathedral, Nakuru, was excited when Joseph Karanja, one of the CEC organizers, talked to them for ten minutes. The congregation was left fully convinced that they could change things in Kenya.'

Wanjiru Mungai and Joseph Karanja, representing the CEC, outlined the intensive work of CEC volunteers and the urgency behind their efforts to overcome corrupt practices and establish a fairer political process. In a report to the London-based magazine *For A Change*, they wrote:

During the elections we concerned ourselves with among others, the following issues:

Voters' registration: To obtain a Voters Card, one must have a National Identity Card... In previous elections, Identity Cards were not issued on time, hence many people could not register as voters. In these elections, we petitioned the government to speed up the process of issuing the Identity Cards in order not to disenfranchise the people.... The Electoral Commission accepted our request to set up more centres for voter registration, as a result of which more people were registered to vote.

Vote-counting: Our other request to the Electoral Commission was for them to allow the counting of votes to take place in the polling stations, as stealing of ballot boxes during transportation was very common. This request was also granted.

Reaching the public: In various parts of the country, supporters of the Clean Election Campaign gave talks in

both religious and secular meetings. The meetings, held by both parliamentary and presidential candidates, were primarily where we assured the audience that we were non-partisan and went on to give them the CEC message. These talks were aimed to sensitise people on the importance of voting and how to go about it.

Due to various handicaps, we could not visit all parts of the country. Where we could not go, we sent the leaflets and liaised with others, resident in the concerned areas, who conducted the seminars and workshops. Joseph Wainaina of Ndaragwa liaised with headmasters and sent the CEC leaflets to each parent through the children. On another occasion two brothers, taxi drivers, operating in two big towns distributed the leaflets and asked the residents of those towns to support the campaign. Also, due to lack of funds we printed and distributed only 140,000 leaflets, 40,000 which were donated by our printer, Colour-Print Ltd. Some politicians and religious groups did print more copies for purposes of campaigns.

Political Parties: We sent petitions to all the political parties petitioning them to sensitise their followers on the need of maintaining peace and shunning bribery during the elections and to support the Campaign. To all the senior leaders, in both the last and current government, we sent copies of the leaflets. NARC (National Rainbow Coalition), the newly-elected governing party, in particular asked for the CEC leaflets, which they helped distribute throughout the country. In the meantime, we also wrote to the special unit of the police force set up to monitor the elections and trained in electoral laws, expressing our expectations as well as updating them on the Campaign.

We were also represented in various national committees overseeing the electoral process, and were therefore in a better position to monitor various concerns. Many young people were involved and trained in monitoring the elections and were employed as domestic observers.

Various organisations, including Youth Agenda, League of Women Voters, the Catholic Secretariat, the Electoral Commission and others, requested our know-how and experience of elections. In the meantime, our secretariat kept receiving requests for leaflets; while many common people rang and wrote seeking advice on how they could help ensure the elections went well.

We met with various observers and told them about the Campaign, cautioning them on the loopholes in the election process and in particular on the most critical area of election-rigging, as experienced in former elections.

CEC supporters gave several interviews on radio. One of the radio stations that broadcasts to all parts of the country, Citizen Radio, which is headed by Herman Igambi, was at the forefront of sensitising the public and pushing the Campaign vigorously.

The Elections are gone. But the Campaign continues. We thank all supporters, and further encourage you to continue supporting us in this upward but important work.

The ethos against corruption continued after the elections. One story, reported in one of the leading national dailies two days later, concerned a bus driver who bribed a policeman so that he would not be charged with any driving offences. As the bus drove away, the 80 or so passengers asked him if he had paid any bribe. He admitted that he had paid the policeman 80 shillings. The passengers immediately forced him to drive back to the policeman. They forced the policeman to return the money to the driver, and they confiscated all the other money that he had taken from other bus drivers. They donated this to charity.

Kenya's new President, Mwai Kibaki, immediately appointed Githongo, outgoing head of TI in Kenya, to oversee and implement the President's anti-corruption

programme. The strength of Githongo's position is that he will report directly to the President himself.

It is interesting to note that, based on the pioneering work done in Kenya since 1997, Clean Election Campaigns were mounted in Sierra Leone, at the first democratic elections since the civil war, and in Ghana. A group of Africans from five African countries is planning to launch in 2004 a Clean Africa Campaign which will be spearheaded by a travelling faculty to train potential leaders in honest and unselfish leadership. Amina Dikedi, Nigerian MRA/IC worker and an initiator of the Campaign, wrote, 'Experience shows that leadership which is not corrupt, but is unselfish and capable of reaching across historic divisions, receives an eager following. The Clean Africa Campaign aims to encourage and train such leadership throughout Africa. Working in partnership with churches, mosques and other like-minded groups, it will make use of the extensive network of Africans committed to moral change in their continent, and build on the experience of the Clean Election Campaign in Kenya.'

V

'Turning point' in combating corruption

Today's struggle against the power and influence of corruption matches the titanic fight to abolish the slave trade and slavery itself in the 18th and 19th centuries. Slavery and the slave trade, like corruption today, were seen as inevitable and men in high office were, if not committed to its continuance, reluctant to challenge it. British MP William Wilberforce, who struggled for 22 years before finally achieving the abolition of the slave trade in the British Empire, found inspiration in the last letter ever written by John Wesley. 'Unless the Divine Power has raised you up,' Wesley wrote Wilberforce, 'I see not how you can go through your glorious enterprise in opposing that execrable villainy which is the scandal of religion, of England, and of human nature. Unless God has raised you up for this very thing, you will be worn out by the opposition of men and devils; but if God be for you, who can be against you? Go on, in the name of God and in the power of His might, till even American slavery, the vilest that ever saw the sun, shall vanish away before it.'

Those today who stand up for integrity and campaign against graft—whether in the police, government administration, business or non-government organisations—face

no less daunting challenges and dangers. They take action for many reasons. Some are angered by the injustice of corruption. Some are activated because they see corruption as a threat to burgeoning freedom and democracy in their countries. Others take a stand because of their faith in God and a belief in his guidance and justice. Some take a stand because of all three. 'All who are honest and fair, who reject making a profit by fraud, who hold back their hands from taking bribes ... such as these shall dwell on high. The rocks of the mountains will be their fortress of safety.'²¹ Whatever the difficulties which have been faced, the courageous action of such people has brought us to a decisive point in history.

Henry Bosch, chairman of TI Australia and formerly head of Australia's National Companies and Securities Commission, says, 'What has changed is that people have become much more aware of corruption and the damage it can do, and this has led to a widespread revulsion against it which has made it dangerous for governments to attempt to sweep things under the carpet. The changed attitudes have made it safer for those with information to come forward.'

In 1984 John Noonan in his classic text, *Bribes*, made the bold prediction that 'as slavery was once a way of life and now ... has become obsolete and incomprehensible, so the practice of bribery in the central form of the exchange of payment for official actions will (one day) become obsolete.'

Members of the World Economic Forum Davos Group²², commenting on the intense anti-corruption efforts by both official and non-government organisations, wrote, 'In less than half a decade, the worldwide backlash against corruption has swept like a fire storm across the global political landscape. It is a revolution that even Karl Marx could scarcely have predicted—a simultaneous,

though largely peaceful, public revolt on five continents against one of the world's oldest part-time professions, proffering and accepting bribes. Governments have fallen. Longtime ruling parties have been hounded from office. Presidents, prime ministers, parliamentarians and once mighty corporate chieftains have been grilled by prosecutors and herded onto the docket. Italy, France, Japan, South Korea, India, Mexico, Colombia, Brazil, South Africa: no region, and hardly any country, has been immune.'

Despite the fact that corruption may still be growing, they boldly claimed, 'There is reason to believe that we may be at a historical turning point in humanity's long wrestle with corruption... A new global standard appears to be taking shape in human consciousness with potentially major ramifications for our institutions as well as our political and business lives.'

Some may see this as overly optimistic. TI's chairman, Peter Eigen certainly does. He said in 2001, 'There is no end in sight to the misuse of power by those in public office—levels are perceived to be as high as ever in both the developed and developing worlds.'

Optimistic or not, one thing is certain. Without the initiatives of incorruptible men and women, no reformed standard in human consciousness, nor tighter banking and investment controls nor more effective police work by themselves, will prevail in the fight against corruption. The people of the world will need, as did Wilberforce in tackling slavery, to address the scourge of corruption not only on the political, legal, investigative levels but also on the level of human motivation and behaviour, where people freely choose integrity. A start has been made by Transparency International, the World Bank, the worldwide movement of MRA/Initiatives of Change, through the Clean Election Campaigns, and by the integrity, coura-

geous decisions and actions of countless individuals, many of whose experiences are related in this book. If enough people are seized by the vision of a world based on integrity and are ready to pay the price involved it is achievable in the decades ahead. The choice is before us.

Executive summary

Global threat of corruption:

- US\$80 billion per year exchanges hands as bribes and gifts mainly from the West to ministers and officials of developing nations – *The World Bank and the OECD in 1999*;
- By 2005 the drug barons could have capital of US\$1500 billion for investment and loans, potentially creating a world criminal culture – *William Rees-Mogg, former editor of 'The Times', London*;
- A quarter of all money circulating the world is illicit, grey money in need of laundering – *Claire Sterling, author of 'Thieves' World'*;
- Corruption was widely seen as a cause of the 1997 Asian financial crisis, according to Asian Development Bank chief Mitsuo Sato. Some Asian countries lost 50 per cent of their tax revenue through corruption;
- John Githongo, executive director of Transparency International in Kenya, said that corruption had reached such a scale in some countries that it went beyond 'grand corruption' to 'looting'. The sums of money were so huge that when the scams or corrupt deals were successfully concluded they quickly had macro-economic implications, causing banks to collapse, inflation to rise and the exchange rate to fall;
- Gallup International conducted a survey of large scale business contracts, interviewing 779 executives. It

found that the construction industry, including roads, dams and airports, and the arms trade were the most corrupt business sectors in the world;

- The financial collapse of large corporations in the USA and elsewhere through dishonest accounting gave a further dimension to the reach of corruption. Maurice Newman, chairman of Australia's Stock Exchange, commented, 'It is hard to escape the conclusion that corruption in corporate America is endemic, and will take many years to clean up, at incalculable cost.'

Response from governments and official organisations:

- By 1999, 29 of the richest nations in the world had given legislative effect to the OECD Convention, signed by them in 1997, criminalising foreign bribery by companies from OECD nations and ending tax deductibility for foreign bribery payments;
- The Hong Kong Independent Commission Against Corruption (ICAC), established in 1974, intensified the fight against corruption. Jeremiah K H Wong, author of *Corruption and its control in Hong Kong*, wrote, 'From the outset, the action of the ICAC was impressive enough to strike fear into the hearts of the corrupt.'
- Similar bodies have been set up in many parts of the world, the latest in South Korea in February 2002.
- The Deputy Commissioner of HK's ICAC in 2001 listed seven points basic to HK's fight against corruption:
 - Political will at the top;
 - A three-prong strategy—deterrence, prevention and education;
 - Strong legislative support;
 - Initiatives to bring about a change of culture;

Professionalism in investigations;
Being pro-active in unearthing corruption;
Partnership with other law enforcement bodies.

- In India, the Central Vigilance Commissioner took the novel step in 2000 of publishing on the Internet the names of senior government officials facing investigation or charges of corruption. The Commissioner said, 'Public pressure will mount and concerned government departments will now be forced to take action.'
- The World Bank, under the leadership of James Wolfensohn, took up the fight against corruption instead of saying in effect, as in the past, 'It is not our problem'. Through the World Bank Institute it offers well-planned assistance and advice to any nation wishing to address corruption in its administration and business.
- The USA passed the Sarbane-Oxley Act in 2002, a bipartisan initiative increasing the personal responsibility of CEOs and Chief Financial Officers for the accuracy of their companies' accounts following the Enron and WorldCom accounting scandals.

Action by individuals, business and NGOs:

Even with rigorous police work, an impartial and independent judiciary and well-paid public servants, there is still the unpredictable factor of human nature, its motivations and temptations. Laws, institutions and the culture of society as a whole can strengthen people in their resolve, but ultimately, as India's Central Vigilance Commissioner stressed, the personal choice, however difficult, has to be made.

Corruption is a two-way street. It involves a decision of the will by both parties. Both parties have to decide to be corrupt. The contrary is also true to the extent that a deci-

sion is involved. Faced with corruption, or the opportunity for dishonesty, a person can decide against it, upholding his and society's integrity. Examples are given in chapter 3, many of them from India, of what boldness and integrity can achieve in testing circumstances.

People ask, 'What difference can an individual's stance make to the global phenomenon of corruption?' The answer is a lot. In a number of areas the decisions of individuals and the initiatives they have taken have had an impact on corruption far beyond their immediate environment, both in business and politics. For instance:

- Much of the drive to get the business world and its illicit 'benefactors' to clean up their act has come from the Berlin-based non-profit organization, Transparency International (TI). TI's influence illustrates what the decision of one individual can lead to in combating corruption. Peter Eigen had been the World Bank's Resident Director in East Africa but was so appalled by the sheer wastage of resources on inappropriate development projects that he took early retirement to launch TI in 1993.
- Action through the courts. For example, the Maharashtra High Court in India ruled in favour of a senior police officer who was fighting government corruption at the highest political and administrative level.
- Clean Election Campaigns in Taiwan, initiated by ordinary citizens, became 'a raging fire' in the words of a national magazine and helped prompt government action against political corruption and vote-buying
- The Taiwan campaign stimulated similar campaigns in Brazil and Kenya.

Turning point:

In 1984 John Noonan in his classic text, *Bribes*, made the bold prediction that 'as slavery was once a way of life and now ... has become obsolete and incomprehensible, so the practice of bribery in the central form of the exchange of payment for official actions will (one day) become obsolete.' Members of the World Economic Forum Davos Group, commenting on the intense anti-corruption efforts by both official and non-government organisations, wrote in *The Globalization of Corruption*²², 'In less than half a decade, the worldwide backlash against corruption has swept like a firestorm across the global political landscape.'

Some may see this as overly optimistic. But the prototype for action in the area of human motivation and character has been demonstrated. If enough people are seized by the vision of a world based on integrity and are ready to pay the price involved it is achievable in the decades ahead. The choice is before us.

Acknowledgements

Firstly, I would like to thank all those in Australia, India, Taiwan and South Korea who gave so generously of their time to be interviewed and questioned. They are in the frontline of efforts to combat corruption and strengthen integrity. Without their readiness and availability this book could never have been written. As they feature in the book I think it may be embarrassing if I mention them again in this context, but my gratitude is not the less for that.

I also wish to thank those who gave their ideas, comments and encouragement over the two and a half years taken in writing this book, which incidentally took place in the midst of many other demanding activities. Through this time Lorna, my wife, has been an understanding and treasured supporter and has also given valid criticism, comment and ideas. Michael Smith, himself an author and magazine editor, provided valuable material and ideas and also took on the task of editing the manuscript. Mike Brown, who has just had published his own book, *No Longer Down Under*, also provided relevant insights and ideas.

Further my grateful thanks are due to those who provided essential material and data about the fight against corruption and for integrity from those parts of the world which I could not visit, most notably Kenya. My thanks also to Transparency International and the magazine *For A Change* from both of which I have gathered

valuable facts and thinking on the issue of corruption.

Andrew Stallybrass and Tom Ramsay, representing respectively Caux Books and Grosvenor Books Australia, have undertaken the risks of publishing a new author on a global and challenging subject, and Blair Cummock has given of his skill in design and layout for *Corruption: Who Cares?* and I wish to record my gratitude for their vital support and participation.

Finally, if we sometimes wonder, 'Corruption, who cares?' one of the earliest examples of someone who did was Zaccheus. As many readers will recall, he took positive and drastic action over corruption, repaying fourfold to people he had cheated in the collection of taxes in ancient Israel, following a decisive encounter with Jesus. He does not feature in this book as it is about today's challenges and responses. Nevertheless I would like to acknowledge the relevance and inspiration of his action and that of other pioneers through the centuries to what is written here.

B L

March 2003

Note on Initiatives of Change and MRA (Moral Re-Armament)

Initiatives of Change (IC) is a worldwide movement operating on five continents. It was launched in 1938 as Moral Re-Armament (MRA) at a time when Europe was rearming. Frank Buchman, MRA's initiator, called for a programme of 'moral and spiritual rearmament' to address the root causes of conflict and work towards a 'hate-free, fear-free, greed-free world'. Since then, people of all backgrounds and traditions have been active in this programme on every continent. In August 2001 'Initiatives of Change' became the new name internationally for MRA, as it was felt this name better reflected the world remaking aims of the movement in the 21st century.

Initiatives of Change is open to all. Its starting point is the readiness of each person to make real in their own life the changes they wish to see in society. It is based on the day to day experience of people that a change in human nature and motivation can take place and that such a change can be the catalyst for action beyond the personal to the national and the international. Absolute moral standards of honesty, purity, unselfishness and love and the search for God's will help bring this into sharp focus. One of its principal aims is to strengthen democracy by tackling corruption and challenging selfish interests. Today, as it has through much of the latter half of the 20th century, MRA/IC is making significant contributions in the fight for integrity and honesty and against corruption.

References:

1. The World Economic Forum Davos Group brings together business executives, law enforcement officers and other experts to address corruption issues.
2. *For A Change magazine*, December 2001
3. *Kicking the Habit: Finding a lasting solution to addictive lending and borrowing*, Joseph Hanlon & Ann Pettifor; Jubilee 2000 Coalition
4. *Prosi Magazine* December 1997, publication of international sugar industry
5. Chinese University Press, Hong Kong, 1981
6. R M Lala, *A Touch of Greatness*; Viking Penguin India, 2001
7. From a talk by R M Lala at a seminar on *Ethics and the Creation of Wealth*, Bangalore, India 2000
8. *Industry at its Best*, Bert Reynolds; Industrial Pioneer Publications, June 1991
- 9 From an interview by Ken Noble, *For A Change*, January 1989
- 10 Interview by Chris Evans in *For A Change*
11. *For A Change*, June 2001
12. Michael Smith writing in *For A Change*, February 1999
13. *Frank Buchman's Secret* (p.108) by Peter Howard; Heinemann Ltd 1961 and *Frank Buchman: A Life* (pp508-9) by Garth Lean; Constable 1985
14. For summary of the crisis, refer to *Japan's Decisive Decade* (pp181-6) by Basil Entwistle; Grosvenor, London 1985
15. *For A Change*, May 2002
16. Grosvenor Books 2002, text reproduced with the permission of the author and the publishers
17. *Acteurs de Changement en Amérique Latine* by Daniel Dommel; L'Harmattan, Paris 2002
18. MRA international conference, Caux, Switzerland, 1995
19. *For A Change*, Dec-Jan 1995

124 Corruption: Who Cares?

20. From an article by Michael Smith

21. Isaiah 33.15

22. Patrick Glynn, Stephen J Kobrin and Moises Naim in *The Globalization of Corruption*, Institute for International Economics, 1997

For further reading

Acteurs de Changement en Amérique Latine by Daniel Dommel; L'Harmattan, Paris 2002

Dirty Dealing: The Untold Truth about Money Laundering by Peter Lilley; Kogan Page Ltd 2001

Global Corruption Report 2003; Transparency International 2003

The Citizens' Guide to Fighting Corruption by the Central Vigilance Commission, New Delhi 2001

The Globalization of Corruption by Patrick Glynn, Stephen J Kobrin and Moises Naim; Institute for International Economics, 1997

Grand Corruption, How Business Bribes Damage Developing Countries by George Moody-Stuart; World View Publishing, Oxford, 1997

The Laundrymen by Jeffrey Robinson; Arcade Publishing 1996

The Lexus and the Olive Tree by Thomas L. Friedman; Farrar, Straus & Giroux, New York 2000

Thieves' World by Claire Sterling; Simon & Schuster 1994



About the Author

As a young man Brian Lightowler was a keen climber and member of both the Cambridge University and French Alpine Clubs and later in professional life of the Institute of Journalists and the International Federation of Journalists. Born in the UK he emigrated to Australia, married a Queenslander and holds both Australian and UK citizenship.

Shortly after graduating with honours from Cambridge University the author sold his motor bike and mountaineering equipment and began to work on a voluntary basis of 'faith and prayer' with Moral Re-Armament, now called Initiatives of Change (IC). Some counselled caution, but he went ahead. Trained as a journalist, the author has gained over the past 50 years a wide experience and understanding of the global scene, through his work in many capacities with MRA/IC's world programme in Europe, Australia, North America and Asia.

As an MRA/IC worker, journalist, editor and campaigner for integrity he has been welcomed in the offices and homes of people at all levels of society in many countries. This has equipped and convinced him to write the powerful stories of many of these people in *Corruption: Who Cares?* With his wife Lorna he lives in Brisbane, and over the past 30 years they have together made many visits to East Asia and India.