

**Opening Address by the Hon Wong Yan Lung, SC, JP
Secretary for Justice
at the “Ethical Leadership for the New Generation”
Youth Summit
on Saturday, 10 March 2007**

Mr Moses Cheng, Mrs Fanny Law, distinguished guests, ladies and gentlemen,

Introduction

It gives me great pleasure to be joining you this morning at the opening of the Youth Summit. It is heartening to see so many young people from Hong Kong, Mainland China, Macao and overseas gathering here to exchange views on ethical leadership, a topic of great importance and relevance to our times. May I, first of all, extend my warmest welcome to all participants, especially our guests from outside Hong Kong, and congratulate the organisers for putting together such a wonderful and successful programme.

2. I was for many years a barrister in private practice before joining the Government. Like other barristers striving to develop our career, we looked to leaders in the profession for aspiration and example. Apart from their excellence in legal knowledge and skills, a common quality of these leaders at the Bar is their utmost integrity. A barrister has an overriding duty to the Court to act with independence and in the interests of justice. A true leader at the Bar is someone both the Court and his opponent can trust in his presentation of facts and legal arguments. For example, if there is a relevant case which is against his client, he will draw the Court’s attention to it, even though his opponent has omitted to do so. And he will not make any allegation of dishonesty against anyone unless there is a proper evidential basis to support it.

3. This commitment to integrity and high ethical standards on the part of the legal practitioners is the foundation of the public’s trust and confidence in the legal profession and in our legal system. Lawyers have great responsibility. Those who do not guard their personal integrity not just put their reputation and career at risk, but also undermine directly the administration of justice.

4. Now in my position as Secretary for Justice, I am not only the head of the “largest law firm” in Hong Kong, but also the guardian of public interests. It is thus my responsibility to improve the quality of justice by strengthening the ethical standards of the legal profession. As Professor Ronald Dworkin said, “Moral principle is the foundation of law.” The law not just serves as embodiments of moral principles, but also instruments to enforce values and standards that the community embrace and aspire to attain. Those charged with the responsibility of administering the law must also conduct themselves according to high moral standards. In leading my department and upholding the rule of law, ethical leadership is both the end and the means.

Ethical Leadership in the 21st Century

5. Why is ethical leadership so high on the agenda in this day and age?

6. Globalisation is compelling different countries and peoples to adopt more universal standards in various walks of life. On the legal and political level, international conventions on human rights and other areas are gradually bringing about convergence of the laws of different lands. For example, the international conventions against terrorism and money laundering are standard-setting and actively streamlining local laws. Economically, greater flows of goods, people, capital, and information across borders have made the world an interdependent market place. Entry into international organizations such as the WTO calls for commitment to common objectives and reciprocal obligations.

7. These common standards recognised by the world at large are mainly buttressed on high moral values, equity and fair play. Unless one subscribes to these recognized universal standards and demonstrably abides by them, it is difficult to see how anyone can rise and compete as a leader in our global village. Anyone taking short cut or hitting below the belt is unlikely to be sustainable in the long term.

8. With rapid technological advancement, information is just one click away. News, good and bad, travel far and fast. Any misconduct or unethical practices can destroy reputation and company value in a very short time. Corporate scandals in recent years, notably the Enron and Worldcom cases, have shown how dubious ethics bring about the demise of corporate

giants and send chills and shocks to the whole economy. These cases have heightened concern about irregularities in corporate governance and the need for ethical leadership. Leaders in both public and private sectors must remain vigilant and guard their reputations at all costs.

Hong Kong's Experience

9. Speaking of promoting good corporate governance and high ethical standards in both the public and business sectors, Hong Kong has been at the forefront. The core values on which our governance is based include the rule of law, an open and free society, an impartial administration, a level playing field and the maintenance of international links. Hong Kong is also fortunate to have a mature legal system and a clean and efficient civil service.

10. Our efforts and achievements have been recognised by world-renowned think tanks and agencies. For example, Transparency International has consistently rated Hong Kong as one of the least corrupt places in the world. The Heritage Foundation ranked Hong Kong as the world's freest economy for the 13th consecutive year, acknowledging our virtues in maintaining a transparent legal system based on common law, keeping corruption in check and adopting a simple and open regulatory regime. The World Bank and Interpol have also commended our Independent Commission Against Corruption (ICAC) for its anti-corruption efforts.

Vigorous Anti-corruption Efforts

11. Over the past 33 years, the ICAC has successfully discharged its mandate to fight against corruption. That has been achieved by a three-pronged strategy of investigation, prevention and community education. Through its campaigns, the ICAC has helped to maintain the stability of Hong Kong, to inspire confidence in its financial and business regimes and to maintain a way of life that is fair and decent. As a result of the stringent anti-corruption laws, the business sector has been assured of a level-playing field. Cases of corruption are vigorously investigated by the ICAC and resolutely prosecuted by teams of dedicated prosecutors.

Strong and Effective Corporate Governance

12. Good corporate governance is instrumental in attracting investment and enhancing our competitiveness. We seek to establish and maintain a fair,

transparent and orderly market; provide a sound institutional framework to encourage good corporate governance; and ensure that appropriate penalties are imposed for fraud and dishonest acts.

13. In the past few years, we have been putting in place various initiatives set out in our Corporate Governance Action Plan. As mentioned by the Financial Secretary in his Budget announced last week, we will soon introduce a bill to give statutory backing to major listing requirements. We have also established the Financial Reporting Council to upgrade the regulation of the accounting profession and the quality of financial reporting of companies listed in Hong Kong. In addition, we have embarked on a major exercise to rewrite the Companies Ordinance to ensure that our company law continues to meet Hong Kong's developing needs as a major international business and financial centre.

Clean Civil Service

14. Our clean civil service has been integral to effective governance. Various measures have been implemented to combat corrupt practices, to make the operational procedures clear and transparent and to entrench an ethical culture in the civil service.

International Cooperation

15. Apart from enhancing the ethical governance regime within Hong Kong, we play a vital role in the region as well as internationally in combating crime and corruption.

16. Trans-national crime is more sophisticated than it has ever been. Illicit assets are used in some places to bribe officials and to impede the control of money laundering. As organised crime often seeks to further its objectives through corruption, it is encouraging that the United Nations Convention Against Corruption came into force in China in February 2006 and is applicable to the HKSAR. It represents the first truly global framework for combating corruption at different levels. The Convention recognises the significance of the return of assets obtained through corruption and calls for measures to promote integrity in public and private sectors. We are committed to fulfilling our obligations under the Convention and will continue to participate actively in international efforts against corruption.

Qualities of a LEADER

17. To bring about sustainable improvement in governance, nothing is more important than nurturing ethical leaders of tomorrow. And how do we do that? I have picked up a few ideas and would like to share my thoughts through the letters of a leader (“L-E-A-D-E-R”).

(a) *“L” stands for “Leadership”*

18. As pointed out by Kenneth Blanchard, the key to successful leadership today was influence, not authority. Leaders lead and inspire. They exert strong influence on the culture of an organisation. People turn to leaders not just for directions, but also as role models. It comes as no surprise that high ethical standards underpin the legitimacy of leadership. Ethical leadership boosts confidence and fosters loyalty among staff and stakeholders.

(b) *“E” stands for “Equity”*

19. An ethical leader needs to possess a sense of equity – a deep commitment to achieving fairness and goodness for his organisation and society. He needs to make decisions without favouritism or prejudice. He needs to balance different and sometimes conflicting interests. As Jesse Jackson said, “Leadership has a harder job to do than just choosing sides. It must bring sides together.”

(c) *“A” stands for “Accountability”*

20. An accountable leader accepts responsibility for the decisions he makes and the actions he takes. He leads by example and makes informed decisions by taking full account of the likely consequences of his actions. From an organisational point of view, an accountability system is conducive to ensuring that the leading echelon acts in the interests and lives the values of the organisation.

(d) *“D” stands for “Discipline”*

21. Jim Rohn once said, “Discipline is the bridge between goals and accomplishment”. An ethical leader exercises discipline and self-restraint and would not be enslaved by any pursuits or swayed by temptations. Self-discipline requires strength of mind and perseverance.

22. You may have heard about the interesting marshmallow experiment. In the 1960s a group of four-year olds were tested by being given a marshmallow and promised another, if they could wait 20 minutes before eating the first one. Some children could wait and others could not. The researchers then followed the progress of each child into adolescence, and found that those capable of deferred gratification were better adjusted, more dependable and had better academic performance. This simple test demonstrates the importance of impulse control in achieving long-term success.

(e) *“E” stands for “Excellence”*

23. A leader is constantly in pursuit of excellence - excellence in both abilities and in moral standards. There is an ethical dimension to such pursuit as others place trust in the leader and rely on his ability and knowledge. It is thus a moral obligation for a leader to give his best and constantly looks for ways to do better.

(f) *“R” stands for “Respect”*

24. “Men are respectable only as they respect” said Ralph Waldo Emerson. A respectable leader treats others with respect and consideration. He appreciates the value and dignity of every individual and accepts individual differences and beliefs. He also has the humility to accept that he might not always be right and the capacity to respect others’ views and opinions.

Conclusion

25. Ladies and Gentlemen, I hope you will treasure the insights and experience gained and to be gained through this programme and put them to good use. As leaders for the new generation, you need to be not just a driving force for changes and prosperity but also an anchor of high morals. Live up to your dreams. Uphold your values. The future belongs to you.

26. I wish the Youth Summit a great success and all of you happiness and good health. Thank you very much.