

Countering corruption

by Jeremy Pope

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A popular movement

PEOPLE everywhere are on the move. In Bangladesh they choked the streets of Dacca to bring down a corrupt President Ershad. In Latin America thousands of "painted faces" took to the streets to bring down President Collor of Brazil. Guatemala's President Elias fled the country as Nobel Peace Prize winner, Rigoberta Menchu, addressed thousands of citizens on the streets of Guatemala City. Earlier the people of the Philippines had defied the army to shoot as they marched through the streets of Manila to bring down President Marcos. The list goes on.

Whereas in former times the people would have looked to the army to topple the tyrants, today they march to do it for themselves. They know, too often from bitter experience, that army rule can be as corrupt as any civilian government. That much has changed, but so, too, have people's feelings of power. They know, many instinctively, that the state has no power of itself; the power of the state comes from the people.

The evils of corruption

Other things are changing too. In Britain, a remarkable retired businessman, George Moody-Stuart, has shattered the comfortable culture of silence with

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which Northern businessmen had surrounded their large-scale payment of bribes in developing countries. In a sensational paper, now required reading for international businessman throughout Europe and beyond, he lists the techniques used and explodes the myth that these payments are harmless. Not only do they distort major development programmes and escalate costs that, in the end, have to be met by the world's most poor, they also corrode the business ethics of the companies in the North who are so actively flouting the criminal laws of other countries and lead to embarrassing publicity when new regimes expose the sins of the old. Soon, perhaps, will come the day when the first international businessman is extradited from his western capital to face corruption charges in a developing country.

For corruption is also the enemy of progress. Corrupt leaders cling to power, opposing efforts to open government, curbing personal freedoms and abusing basic human rights.

Corruption, too, undermines prospects for sustainable development. Achieving sustainable development requires the presence of a number of features. First, it demands prudent, rational and far-sighted decision-making. Second, it requires the best use being made of available resources. Third, it needs a principled leadership which enjoys the understanding and support of the people.

Corruption strikes at all three elements in this equation. Decisions are taken which are irrational, short-sighted and motivated by greed, not by

need. Resources are squandered as projects are approved not on the basis of their suitability, but on the returns which they may yield to the decision-makers. And a corrupt administration quickly loses the confidence of its people, who are then gripped by cynicism and rendered immune to leadership.

Corruption also crushes the potential benefits of free market forces. The honest business person goes broke, the rules of a healthy economic system become twisted and companies addicted to paying bribes become rotten. In consequence, prospects for economic progress, so vital to social development, are ruined.

Equally important is enhancing international education on this subject. There are, for example, too many countries where corporations can pay bribes abroad and claim these as tax-deductible expenses in their home countries. Laws that permit companies to behave in this way encourage bribery. They poison the environment of international business, make a mockery of public rhetoric by political leaders on behalf of ethical government and undermine international trade and investment agreements. Transparency International aims to raise public sensitivity to such important issues of national policy.

In many countries of the North, developmental policies and trade policies are diametrically opposed to each other, with development policies seeking to sustain the evolution of sound and honest government while export policies endorse an "anything goes" philosophy that actively fosters the corruption of senior politicians and high officials. ➤

Action to counter corruption - Launch of Transparency International

Moody-Stuart is just one of several concerned individuals – from the South and East as well as from the North and led by the former high-ranking World Bank official, Peter Eigen – who have seen, at first hand, the damage being done by corruption in international business transactions. In their determination to do something constructive and meaningful to redress the evil, they launched a year ago a new non-governmental organisation, Transparency International.

The response has been overwhelming. Letters have poured in to Transparency International's Berlin headquarters from over 120 countries. People from all walks of life – from heads of government to students – have welcomed this move. "At last," one wrote, "someone, somewhere, is trying to do something about this."

TI does not see itself as an international policeman. It is, however, truly international. National Chapters are being set up by activists from Ecuador to Namibia, from Bangladesh to the United States, from Sri Lanka to the Philippines. Some of these are existing organisations, keen to join in TI's international solidarity movement. Others are wholly new initiatives. Surprisingly quickly, an international movement has been born. It is clearly an idea whose time has come.

Enormously damaging though it is, international "grand" corruption is not always uppermost in the minds of the general public. Those who live where corruption is out of control, encounter petty corruption in their daily lives and to them it is the most visible form, TI does not ignore this reality and it is one of the task of TI's National Chapters to develop national agenda-determining priorities, whether these be employees of a state-owned telephone company demanding huge bribes before they will make a telephone connection (as in Ecuador), or local police extorting what

they can from motorists and victims of crime (as in Mexico).

Those in authority know all about these "grease" payments, but either turn a blind eye or simply do not know where to begin.

These forms of corruption, daily played out with the poorest of poor people being the hardest hit victims, aggravate social and political conditions. Solutions here must come in the form of political and administrative reform. TI backs such efforts through its National Chapters but it recognises as well that there are already many organisations, within numerous national govern-

- help support and execute TI's international campaign.

An important role can be played by countries such as New Zealand, where corruption is fundamentally under control. National Chapters in Britain, the USA and Germany have been busy fund-raising, lobbying their own business communities and raising the issue with their governments. A steady stream of letters to the editor have appeared in newspapers from the New York Times and International Herald Tribune to the Times and the Financial Times of London. Development aid agencies in Sweden, Britain, Germany and France, foundations such as Rowntree and Nuffield, the Global Coalition for Africa and the government of Ecuador are among those who have provided financial support.

But the response to TI's initiative has not all been favourable. In some quarters TI has run into considerable resistance, most frequently in the North. There, some businessmen still feel comfortable in asserting that the payments they make are not corrupt, they are simply a matter of according to local culture.

Others justify their conduct on the grounds that, were they to stop, unemployment in their own countries would increase. Still others adopt the old-fashioned maxim for opposing change: if it ain't broke, don't fix it.

TI has joined battle. It simply does not accept that "grand corruption" of the kind being talked about is part of anyone's culture. Nowhere, TI believes, does a society accept without question that it is the entitlement of those in power to help themselves to the country's wealth to the desperate poverty of their fellow citizens. The reverse argument is more convincing, i.e. that grand corruption is part of the culture of the North when it comes to seeking business in developing countries.

How to tackle corruption

The problem is not new, but the approaches to it are. Analysis of unsuccessful efforts both at the United Nations and the International Cham-



ber of Commerce leads to four conclusions:

- the approach has to be evolutionary: you simply cannot change the way the world is presently operating by the stroke of a pen;
- there needs to be a coalition of interests: governments by themselves, and the private sector by itself, cannot achieve meaningful change;
- the rules of any particular market place need to change for everyone and at the same time; and
- there are a number of leaders in developing countries who genuinely want to reform, but they cannot do this without the assistance of their trading partners, and this had not been forthcoming.

TI does not purport to be a global policeman and to catch those who break existing rules. That is for the police and for investigative journalists. Rather, TI aims to tighten rules and procedures to increase the likelihood of detection and so raise the level of deterrence. To this end, TI will work with all governments, in rich countries and in poor, that demonstrate their resolve to attack corruption and who have the demonstrable

credibility to ensure that programmes of action can be implemented effectively.

Already TI is well advanced in Ecuador, with a committed Vice-President Alberto Dahik and a lively and highly-active National Chapter led by a woman lawyer, Valeria Merino Darani. In-country work has already begun in the African states of Benin and Mali, and a preparatory mission, funded by the European Union, has visited Russia.

Within the Commonwealth, a mission led by former Nigerian head of state, General Olusegun Obasanjo, has met with leading figures in South Africa and plans are afoot there for the formation of a National Chapter. In Uganda, Tanzania, Kenya and Zimbabwe too, TI supporters are mobilising for action on the domestic front. In the UK there is an energetic National Chapter - busy lobbying ministers and MPs, consciousness-raising in the UK at large, fund raising and providing support for missions in other countries and in Australia and New Zealand concerned individuals are forming local chapters. Moves in Canada are expected shortly. In all,

National Chapters are either formed or in formation in over 20 countries, and this in an organisation that is barely one year old.

On the international scene, TI has made sure that corruption, and what to do about it, will feature on the agenda of the forthcoming Summit of the Americas, being organised by Vice-President Al Gore in Miami at the year's end (*1994, ed*). It is supporting moves within the OECD to outlaw the payment of bribes by industrialised countries and it is talking with ACP member states to see if the review of the Lomé Convention currently in train could be used as a vehicle for bringing the countries of the North on side.

The coming Commonwealth Law Conference in Vancouver in August 1996 will also be an excellent setting for an informed discussion to take place, bringing together as it will opinion-leaders and law makers from such a wide range of countries, most of whom are to some extent victims of this process.

The task ahead may be a daunting one, but as the maxim has it: evil thrives while the good do nothing. 

South African endeavours to counter corruption

Commentary by the Department of Justice

THE Minister of Justice, Mr A M Omar, indicated in parliament recently that the incidence of corruption as well as allegations of corruption are matters of great concern to the Government of National Unity. From recent and current investigations it would appear that widespread corruption has continued to plague our society. Furthermore, allegations of irregularities in the administration and collection of taxation, customs and excise and exchange control have been brought to our attention.

This cannot, must not and will not be tolerated. It is of the utmost importance that corruption at every level should be publicly identified as soon as possible and eradicated swiftly and efficiently.

Fortunately, corruption of various kinds have been the target of determined action by government. In this regard the following steps should be noted:

- The Office for Serious Economic Crime (OSEO) has continued its

sterling work in investigating white collar crimes and several prosecutions have followed as a result.

- Obviously the funding of investigative means to combat corruption is of critical importance and cognisance has been taken of requests by, inter alia, OSEO for the strengthening of their office as well as requests from the respective attorney-generals with regard to manpower. These matters are receiving attention. Negotiations pertaining to a proposed new sal-