

3. Significance of Corruption

Vice President Al Gore, Moderator

Vice President Gore, the Global Forum Chairman, served as Moderator of the first plenary session, on the subject of the Significance of Corruption. He drew attention to the wide variety of experiences represented by the participants who had come to the Global Forum, and asked that participants join with him to discuss their observations of what works, and what does not work, to fight corruption and promote public integrity.

Ibrahim Boubacar Keita

Prime Minister

Mali

Prime Minister Keita, on behalf of President Konare of Mali, expressed gratitude to Vice President Gore and to the United States for having called for this conference on this subject of importance. Corruption constituted a grave problem for mankind and a deadly threat to democracy. It could destroy all efforts a developing country could make in its fight against poverty. With the progress of economic globalization, competition became harsher, and the pressure on enterprises to attempt to cheat through corruption increased. While it might be true that if there were no corrupters, no one would be corrupted, it was also notable that officials and countries that had once been the object of bribery were more and more refusing to participate in bribery. No country was spared the impact of corruption, and this made it important that this group of countries had come together to address this issue.

Mali was an active partner in the initiative being undertaken by African countries in cooperation with the Global Coalition for Africa to define means of more effectively fighting corruption. Africa expected much from this effort. Among the most important elements that participants in that initiative were addressing were the need for effective justice sector institutions, the role of transparency in public procurement, and the role of the media in civil society as an important factor in maintaining transparency.

In Mali, the government was developing specific tools for the fight against corruption. Political tools included the promotion of greater transparency in government through decentralization, to afford benefits more directly to the most vulnerable populations. This process had decentralized 19 local government authorities to form 701 municipalities, promoting transparency in government closer to the people. Mali had also instituted a procedure in which the government must appear annually before the people, and every minister must

respond to questions about government performance. Mali was developing institutional checks on use of public funds, through the establishment of a code of public procurement that prescribed procedures for government purchasing in an honest and equitable manner. The free press was a main foundation for preserving transparency in government, and over sixty radio stations in Mali were an important element of the free media there.

Mali was making every effort to fight corruption in government by becoming more democratic, by establishing conditions in which citizens can question government as the basis for universal democracy.

Carlos Rukhauf Vice President of Argentina

Vice President Rukhauf commented that he had prepared a statement for this meeting, but after hearing the statements in the opening session by Vice President Gore and other speakers, he had concluded that he must leave it aside, as this meeting now required a different approach to the subject.

It is true that corruption threatens democracy. Before that, it should be observed that dictatorship is the basis for corruption. Only in an environment with economic and political freedom and freedom of the press could the fight against corruption go forward. The reality of repressive regimes was that where governments could kill, or torture or cause people to disappear, theft, robbery and corruption were the mirror image. If one wished to discuss the conditions for the fight against corruption worldwide, one must first of all and above all defend democracy, economic freedom and the freedom of the press. The American continent was now, with one exception, fully democratized, and thereby had gained a position in which it was possible to take steps to improve the situation relating to corruption.

As the morning's speaker from Transparency International had correctly said, the worst corruption was that which affected the individual integrity of human beings. In Argentina in past years, the value of billions of dollars in foreign assistance had been lost due to corruption. For 30 years, it had been impossible to obtain a telephone from the government telephone enterprise without paying a bribe. Now, that service had been privatized, ending what had been an important source of government corruption. In the past, due to corruption, state enterprises had bought what sellers wanted to pay bribes to sell. Two decades ago, the United States had been the first to pass laws to punish enterprises that engaged in corrupt practices abroad. It was necessary to pursue the fight against bribes, and against all who paid bribes.

The role of the press was critical to the fight against corruption in all countries. A free press could become a microscope to look into the lives of

public officials, examine their professional performance, and if they became wealthy, ascertain whether that wealth was gained from citizens. The World Bank had said that in the past, it had been unable to discuss "the "c" word" because corruption was a political issue and the Bank should not enter into politics. However, he did not accept that corruption had to do with politics.

Since 1983, when democracy was restored in Argentina, and particularly since President Menem assumed office, Argentina had effected substantial democratic and economic reforms that improved its capabilities to fight against corruption. Argentina had signed the OECD Anti-Bribery Convention. President Menem had established a National Office of Public Ethics, an action which had the support of all political forces in Argentina, as did a decree establishing the obligation of all officials to disclose their property and assets. The Argentine government was seeking to define ethical standards against corruption for all branches of its government. The basis for Argentina's approach was the conviction that public officials must not only be honest but must, like Caesar's wife, also be seen to be honest.

Jorge Fernando Quiroga Ramirez Vice President of Bolivia

Vice President Quiroga said that in any society, habits were formed by what society tolerates. An example of this, he said, was the difference that one could observe in use of automobile seat belts in Bolivia, and in Miami. He had been very pleased to hear the speaker from Transparency International and other speakers argue that it was important that countries not tolerate abroad what they would not tolerate at home.

In Bolivia during the 1980's, public tolerance or apathy about activities of major drug traffickers had been shocked and profoundly changed when drug kingpins arranged the killing of a distinguished scientist. Since that event, Bolivian society had increasingly not accepted being associated with drug traffickers and their activities. Similarly, many people had been shocked to realize the prominent place Bolivia held on the Transparency International ranking of countries where corruption was perceived to be worst.

This had prompted the government and people of Bolivia to begin a serious national dialogue on the problem of corruption and how to fight it. This had included surveys of the public and private businesses to identify those areas of government activity where corruption was seen to be most serious. These surveys had identified the police, which were the responsibility of the Minister of Government, as the greatest problem perceived by the public. This, he acknowledged, had aggravated the police, but they must understand that the people were also seriously aggravated over the situation. A further problem

identified was the existence of "middlemen" in transactions with the government and elsewhere in the culture, whose presence caused it to cost more and take longer to secure government services without corruption.

In response to these findings, Bolivia had launched its first national integrity system. This had been based on a three-element strategy. The first was state modernization, and in particular civil service reform, including asset disclosure by members of a permanent career civil service. The second was a series of anticorruption measures. Public officials were required to assume that citizens acted in good faith, and take statements of a citizen as true unless there was sound basis to challenge them. A principle was established of positive silence, in which after a specific deadline, a decision was approved. The final and absolutely indispensable element of this strategy was judicial reform. Bolivia had recently secured World Bank approval for a \$200 million loan to support these governance and anticorruption reforms.

He offered some suggestions for further actions that might be considered by participants at the meeting. He suggested that Transparency International might consider establishing a list of businesses or enterprises that should be considered "blacklisted" for employing bad or illegal corrupt practices. Further, participants should consider how all could most effectively support the ongoing World Bank governance initiative. Finally, and indispensably for his country and its neighbors, foreign assistance continued to be urgently required to deal with the drug threat in Bolivia, Colombia and other countries, since that threat invariably engendered corruption on a very large scale. Vice President Gore, in this other fora like the recent Re-Inventing Government conference in January, had strongly supported the principle of comprehensive, sustainable development. Any approach to these issues must also address the problem of corruption.

Vice President Gore said that Transparency International might consider Vice President Quiroga's suggestion that in addition to its list of countries where corruption was perceived to be the greatest problem, it might also develop a list of companies or enterprises that employed bad practices that led to illegal corruption.

Mr. Pope of Transparency International replied that he thought the suggestion excellent, although it might be that there would be practical considerations that could prevent it from being pursued by their organization. They would continue to address this concept, perhaps as one that some other organization might also accept.

Gustavo Adolfo Bell Vice President of Colombia

Vice President Bell said Colombian experience indicated that there is a clear relationship between corruption originating from criminal activities, or corrupt administration in the public sector, and a government's ability to respond to violence affecting its culture. This was a difficult matter to analyze in quantitative terms, but rather than analyzing the different aspects of these issues separately, he proposed to consider the interrelationships among them and how his government was facing them. There was a vicious circle involved. Diminished capacity of government reduced its credibility and legitimacy. This in turn gives rise to insurgent groups, facilitated drug trafficking and other illegal activities. The impact of these illegal activities leads institutions of governments and countries then to accept corrupt behavior. Corruption generates apathy among citizens, preventing them from exercising the capability to contribute to the functioning of the state, or as appropriate from serving as a counterweight to the state.

In Colombia, the existence of an insurgency leads to repression or co-optation. The latter becomes closely linked with corruption. The results of repression as a solution to insurgency had been limited. Rather, in response to repression, violence expanded further. Moreover, armed conflict in one country became a matter of concern to an entire region. Drug trafficking, by opening avenues for the acquisition of relatively easy wealth, had contributed greatly to corruption, and even subversive groups had found themselves led to resort to this source of funding. To respond effectively to corruption, it would be necessary to strengthen individual values. Apathy, reflected in weak and unorganized state institutions, was very conducive to corruption. As a result of corruption and lack of opportunity, the ability of the government to prevent violence, insurgency and drug trafficking was drastically impaired.

Jaime David Fernandez Mirabel Vice President of the Dominican Republic

Vice President Fernandez said that corruption could be seen as a problem from several standpoints. As a moral issue, it was in great part a problem of education, and an issue of cultural values that could discourage corruption. Taken as an issue of public policy, a social problem, corruption meant that not only politicians or public figures, but also the citizens themselves, were corrupt. A great incentive for popular corruption of this nature was poverty. Thus, there is a direct relationship between fighting poverty and fighting corruption.

To effectively combat corruption, it is important to rescue the idea of the public servant. There must be adequate security of livelihood for public officials.

There was also the need for comprehensive, transparent and clear legal frameworks.

He called on all Western Hemisphere countries that had not done so to ratify the Inter-American Convention Against Corruption, a regional anticorruption initiative of major significance. It was also necessary for countries to consider how best to strengthen family values, providing education that would produce citizens prepared to fight corruption. Market and economic reforms were desirable, but it was necessary to consider also how to reform not just the economic sphere but the behavior of individual citizens. Finally, it was important to recall that it was not just the logic of market reform, but the values inherent in the Christian tradition that constituted strong imperatives for fighting corruption.

Gustavo Noboa Bejarano
Vice President of Ecuador

Vice President Noboa said that it appeared that in a globalizing world, corruption was also increasing to levels never previously imagined. However, there were also important efforts in progress, in Ecuador and in other countries, to respond to this by turning anticorruption into fundamental state policy. Former United States President Carter had strongly emphasized the importance of fighting corruption during a recent visit to Ecuador. Ecuador was consulting with Mr. Kaufmann of the World Bank, and with Transparency International, regarding the possibility of carrying out a World Bank diagnostic survey to help better identify the origins and remedial actions for corruption in Ecuador. The new constitution recently introduced in Ecuador also contained many new features introduced for the purpose of improving the governments' capability to prevent corruption.

Ivan Miklos
Deputy Prime Minister
Slovak Republic

Deputy Prime Minister Miklos said his remarks would address the issue of corruption from the standpoint of the post-Communist transition experience of the Slovak Republic and other formerly Communist countries.

The efficiency and competitiveness of national economies depends on the efficiency and competitiveness of the nation's institutional framework. This in turn was connected to cultural and other factors, including transparency and corruption. In some other parts of the world, Asia or Mexico as examples, there was some aspect of equilibrium in the processes of change. In the institutional

frameworks of post-Communist societies, it was necessary to seek to conform the formal and informal rules and means for their enforcement. Establishing appropriate rules in the legal system is important, but if they diverge from the informal rules in a given situation it may be difficult to effectively enforce them. In shaping informal rules that would conform to the requirements of fighting corruption, the role of the media was highly important, as is the slowly growing influence of the non-governmental sector.

L. Tsog
Minister of Justice
Mongolia

Mr. Tsog said the government of Mongolia was only eight years old as a democratic society, and remained in a transitional period. Of the many obstacles to this transition, corruption was one of the most difficult. In the new circumstances, people wanted to exercise their rights to the fullest, but structural changes in fact often made it more difficult to control corruption. Consequently, corruption arose in connection with use of foreign aid, and impeded the promotion of foreign investment. If it were to continue at excessive levels, corruption could endanger democracy itself.

To respond to this problem, the government of Mongolia recognized the need for a national program to fight corruption. It hoped that all foreign partners would support it in its planning to develop and implement such a program. The experience that Mongolian officials would gain from this conference would be valuable to them in the formulation of this new program.

