



CORRESPONDENTS



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[Anti-Corruption Rhetoric - and Reality](#)

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Bribery, extortion and misappropriation in public sector activities have insidious consequences, especially in developing nations. This type of corruption distorts markets and competition; breeds cynicism among citizens; stymies the rule of law; damages government legitimacy; corrodes the integrity of the private sector; undermines development; and impairs poverty reduction.

Corruption also helps perpetuate failed, failing and fragile states which may be incubators of terrorism, the narcotics trade, money laundering, human trafficking and other types of global crime.

The ultimate goal in combating corruption is to create durable, transparent and accountable institutions in developing nations which can order fundamental economic, political, administrative and legal affairs free from illicit influences. A variety of strategies can support achievement of this goal.

- Private corporations, especially in the developed world, should voluntarily adopt anti-bribery programs which prevent improper payments in the developing world.
- The developed world, through the 1999 OECD Convention on Combating Bribery of Foreign Public Officials, has enacted laws which make foreign payments a crime for major multinationals headquartered in the major industrialized exporting nations. These laws are intended not just to prosecute single instances of wrongdoing but to pressure corporations to create durable effective programs, not just voluntarily but under threat of law.
- Multi-lateral Development Banks, such as the World Bank, and development agencies in individual industrialized nations (like U.S. AID or the UK's Department for International Development) fund projects for institutional "capacity building", while also seeking to ensure "program integrity," i.e. that their funds are not siphoned off for illicit purposes by governments or contractors.
- The developing world nations themselves can engage in "institution-building", although each nation will be different given history, culture, economy, politics and current leadership.

The pervasive problem, however, is that anti-corruption rhetoric exceeds commitment and accomplishment on all fronts. Corruption is deeply entrenched because it is based on lust for money and for power.

In recent weeks, there have been two unusually strong rhetorical statements against corruption.

During President Obama's European trip, the G8 nations (Canada, France, Germany, Italy, Japan, Russia, Britain and the U.S.) issued a communiqué promising more effective enforcement of the OECD convention by members states, urging the Multi-lateral Development Banks to adopt strong "program integrity" safeguards and assessing their own anti-corruption efforts through an annual "Accountability Report."

On his subsequent stop in Accra, Ghana, the President bluntly criticized Africa as a place where "corruption is a daily fact of life for far too many.....No country is going to create wealth if its leaders exploit the economy to enrich themselves or police can be brought off by drug traffickers...No business wants to invest in a place where the government skims 20 percent off the top....No person wants to live in a society where the rule of law gives way to the rule of brutality and bribery."

Said the President: "In the 21st century, capable, reliable and transparent institutions are the key to success." He emphasized that only Africa could create such institutions, although he pledged \$65 billion to "responsible individuals and institutions, with a focus on supporting good governance."

But, despite these strong words, the long war against corruption is proceeding fitfully. For example,

- More than half the signatories to the OECD anti-bribery convention have brought few, if any, enforcement actions, including major players like the UK and Japan. The powerful national pull of jobs and trade in a recession have undermined adherence to an international commitment.
- As a result, there are few signs that, in the midst of a global down-turn, the major developed world multinationals outside the U.S. (which has by far the most active anti-bribery enforcement regime) have adopted strong anti-corruptions programs supported by a strong high performance with high integrity culture.
- The G20 nations (which includes the G8) last April committed to expenditure of hundreds of billions of dollars to counter the global downturn in infrastructure, social projects and export credits, but with almost no discussion of how to protect those funds from being subject to powerful pressures for corrupt practices. Similarly, these donor nations have not put pressure on the Multi-lateral Development Banks to ensure that new funds are used for their intended purposes and not paid to kleptocratic leaders or corrupt contracts.
- The Administration has not made clear how it will spend funds earmarked for "institutional development" by the President in his Accra speech.

There are many political actors responsible for translating rhetoric into reality. But none is better placed than the United States with its newfound credibility stimulated by its young, multi-cultural President.

Yet the question for the President about the anti-corruption is the same one that is being raised about other policy areas. No one doubts his ability to give stirring and sophisticated speeches or orchestrate summit statements. The issue is whether the G8 communiqué and the African speech can be clearly and concretely backed up with specific actions to make progress on the problems in a finite time frame.

And this raises a related question. President Obama dominates each day's news, but he is simply too busy to follow up personally. He must identify a powerful person inside the Administration who is going to drive this specific, focused anti-corruption agenda and coordinate other departments and agencies (such as Treasury, Justice and Commerce). In my view, the right person for this task is the Secretary of State, Hillary Clinton.

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