

# USIS Washington File

22 February 1999

## **TEXT: DALEY CALLS FOR ENFORCEMENT OF ANTI-CORRUPTION TREATY**

(Says corruption denies people honest government) (1170)

Washington -- U.S. Commerce Secretary William Daley has called for strict monitoring and enforcement of the anti-corruption treaty of the Organization for Economic Cooperation and Development (OECD) that went into effect last week.

"Corruption hurts real people," Daley said in a speech to an OECD-sponsored conference in Washington February 22 on the role of the private sector in fighting corruption.

"When a contract is awarded based on a bribe, instead of fair competition, it cheats people out of quality products and services. More importantly, it cheats them out of a government dedicated to the people," Daley said.

The OECD anti-corruption treaty went into effect February 15 in the 12 countries that have ratified it. Daley urged the 22 other countries that have signed the treaty but not ratified it to make good on their commitment. The treaty calls for criminal penalties to businessmen who pay bribes to foreign officials.

Later this week, Vice President Al Gore hosts a conference of judges, police and security officials from about 80 countries to press for enforcement of anti-corruption measures.

Following is the text of the Daley speech as prepared for delivery.

(Note: "Billion" in text means 1,000 million)

(begin text)

Remarks by Secretary of Commerce William M. Daley  
OECD Washington Conference on Corruption  
Washington, DC  
February 22, 1999  
(As Prepared For Delivery)

Corruption is not an easy subject to talk about in public. It makes people uncomfortable. Everyone knows it exists, but few people until recently have wanted to talk about it openly, or frankly.

All that is changing. As we have seen with the Salt Lake City Olympics, the world was shocked and disappointed.

But let me make an observation: the public is waking up to what the global business community has known about bribery for many years. We uncovered bribery in over 60 major international contracts valued at some \$30 billion. This was in just 12 months ending in mid-1998. Corruption, obviously, is big business.

If there is a positive coming out of Salt Lake City, or the cronyism

in Asia, it is that costs have been attached to the corrupt acts. A political price has been paid -- people are out. And it has shown that no organization or country is immune from bribery.

Corruption infects both rich and poor nations. And no company is immune, large or small. We are all in this together.

Later this week Vice President Gore will launch a global effort against corruption at a forum here in Washington. Some 80 nations are expected to participate. It will be the first conference of its kind to focus on fighting corruption.

The fact is, corruption hurts real people. When a contract is awarded based on a bribe, instead of fair competition, it cheats people out of quality products and services. More importantly, it cheats them out of a government dedicated to the people. Instead, you get a government whose officials are lining their own pockets.

Corruption also discourages investment. It is an unnecessary tax on doing business that should not be there. And business people tell me: they do not want to be in a country where the government looks the other way.

So, Vice President Gore's forum will build on something that many of us have invested a good amount of time on: the OECD Anti-bribery Convention. It took effect last week, I am happy to report. It focuses on those who pay the bribes -- the suppliers. It makes it a crime for citizens and companies to bribe officials of another country. And it requires countries that allow tax deductions for foreign bribes to end that outrageous practice.

The good news is, 12 nations have ratified it. The bad news is, 22 have not, including: France, Belgium, the Netherlands, and Italy. They had promised to ratify it by the end of 1998. And I hope all 22 take action soon to make good on their commitment.

The question now is: where do we go from here? We need monitoring. We need enforcement. It is one thing to put a law on the books. But it's another to make sure the law is implemented.

I am happy to announce we will use the power of the Internet to track what is happening. We added an anti-corruption section to the Commerce Department's Homepage. It reports anti-corruption initiatives here and around the world. So I urge you to click on at: [www.doc.gov](http://www.doc.gov).

We need to ask some other questions as well: what do we do in other parts of the world? And what do we do to get at the demand for bribes?

It is important to look beyond the OECD, because bribery is everywhere. On a recent trip, I asked 15 business people what the biggest obstacle was to doing business in emerging markets. Eighty percent said: corruption.

Our efforts have already started in three areas.

First, Latin America. Twenty-five countries have signed the Inter-American Convention, negotiated within the Organization of American States. It addresses bribery and corruption. And it would bar government officials from seeking and taking bribes.

Second, Asia. APEC is making progress. It has issued principles on

transparency in government procurement. And there are guidelines for best practices in open and competitive bidding. Now is the time for further progress. APEC's leaders know transparency is key to restoring growth and opening markets. We are working with the private sector on an anti-corruption agenda. This includes a training program to help companies in Southeast Asia improve their record keeping.

And third, the World Trade Organization. A WTO working group hopes to conclude an agreement later this year. It would be a big step forward in transparency in government procurement.

Let me say that as important as these agreements are the most important thing a country can do is this: pass strong laws making it a crime for government officials to solicit and accept bribes. And remember: corruption can be reduced through deregulation and privatization, too.

International organizations and groups like Transparency International have a role to play. So does the private sector. I believe companies should adopt codes of conduct. They should set up ethics offices, like we have in government. And they should train employees to be on the watch for bribes. All companies must take steps.

In closing, let me offer the opinion of Teddy Roosevelt. We have an affinity for him because he signed into law the legislation creating the Commerce Department. President Roosevelt believed people who bribe were as wicked as those who murder. As he said: "the murderer takes one life against the law. Those who bribe assassinate the commonwealth itself."

He said this at the beginning of the century. And I am repeating it at the end of the century. I hope with your help, 100 years from now we won't be saying it again. Thank you.

(end text)

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