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Frank Vogl

Co-founder Transparency International and The Partnership for Transparency Fund

Ending Corruption, Promoting Integrity, Fighting for Justice

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Ngozi Okonjo-Iweala, finance minister of Nigeria and a woman of enormous integrity, once told the story of Rose, who came from a poor, rural Nigerian family who against great odds managed to get into a university. But she could not afford the class notes sold by her lecturer and when she said she could not pay, then he asked her for sexual favors. She refused and was given a failing grade. As Ngozi said, "An individual and an entire family lost their hope and their pathway out of poverty."

All forms of corruption must be ended to secure basic freedoms. Together we can create a world where Rose and every person can live a dignified life.

Corruption is the abuse of public office for private gain.

While the challenge of eliminating corruption is formidable, the prospects for making progress are improving. Consider the bravery of the thousands of citizens of Ukraine who came together to force out the totally corrupt regime of Viktor Yanukovitch.

There is no shortage of people who believe that corruption is just human nature - the product of greed and selfishness that can never be changed. I say to them: you are in denial about the dramatic changes that are now unfolding and the progress that has been achieved over the last two decades. Be inspired by Arvind Kejriwal and the AAP "Common Man" grass roots political party that is contesting the elections right across India in the name of anti-corruption.

But you do not have to look as far as India or Ukraine. Let us take a moment to consider conditions here at home in the United States.

I came to this country as a newspaper reporter at a time when the Watergate scandal was unfolding. Today, exactly 40 years ago, preparations were starting in the House of Representatives for impeachment hearings. On April 30, 1974, many reporters rushed to the government printing office to get a copy of the transcripts of 46 White House tapes of presidential conversations – I still have my copy.

On May 5, 1974 on ABC's "Issues and Answers" program the White House Chief of Staff, Al Haig, said "all the relevant" tapes and transcripts had been handed out. But everyone quickly discovered that the transcripts had been doctored; that key passages were missing or blanked out. The final chapter in Richard Nixon's presidency had opened. He would be gone by early August. Justice and the American system of democracy prevailed over corruption.

Today, however, corruption's ugly head looms large here at home and not just abroad. We have too many state and local government officials who have been investigated for

alleged corruption; too many corporations that have been found to have bribed foreign government officials; too many acts of questionable ethics on Wall Street; and far too much money in our election campaigns.

Our political system is at great risk of being transformed into a pay-to-play arena. The Supreme Court recently ruled to expand the scope for the wealthiest Americans to finance our election campaigns. In his dissent, Justice Stephen Breyer said the decision undermines the anti-corruption driver of campaign finance laws that have sought to maintain the integrity of public governmental institutions. He noted: "Where enough money calls the tune, the general public will not be heard."

Those words go to the heart of the corruption story. British author Michela Wrong once wrote of the late Mobutu Sese Seko of Zaire that, "No other president had been presented with a country of such potential, yet achieved so little. No other leader had plundered his economy so effectively or lived the high life to such excess."

And for years, Africans and Latin Americans and Asians alike would view grand corruption as a Third World problem. Today, this is no longer the case.

Another subject of another book by Michela Wrong, this time a hero, is my friend John Githongo in Kenya, who recently told me: "There used to be preconceived notions that corruption was an African problem because we had colorful guys like Joseph Mobutu, president Mobutu of Zaire - big cars, pink champagne, buying Rolexes, palaces in Paris, big fat bank accounts in Switzerland and all that. And then we realized with the financial crisis that you have as big a corruption problem in the West."

Corruption: A Crime Against Humanity

Before going further, allow me to underscore the blunt humanitarian impact of our topic today. Corruption is not a victimless crime.

Almost always, especially in countries where the government is perceived to be highly corrupt, the poor suffer the most. Much of the absolute poverty in this world is due to inefficiency, waste and corruption. And as the poor confront extortion every single day, so their dignity is trampled upon and their self-respect is brutalized.

Former United Nations Secretary General and chair of the African Progress Panel, Kofi Annan has argued that countries with vast natural resource riches in Africa - from Angola to Zimbabwe - still have some of the worst human development indicators in the world.

Writing in his Panel's 2013 report Annan said: "Millions of people suffer debilitating and protracted periods of ill health because of avoidable diseases. Resource-rich countries probably account for two-thirds of Africa's out-of-school children — one in three of the world's total. Social protection systems are underdeveloped. When drought or sickness strikes, the poorest and most vulnerable have no safety net to support them."

The poor do not have the power to challenge corrupt officials in the courts. All too often, social benefits for the poor are stolen and the victims are not even aware of this because they have not been informed of their rights and entitlements.

One year ago, the Honduras partner organization of Transparency International published findings of an investigation showing that millions of dollars worth of medicines were being stolen from the government's "Central Medicines Warehouse" and how corruption in the purchase, sales and distribution of pharmaceuticals to state hospitals and clinics was endangering the lives of untold numbers of poor Hondurans. In this case the good news is

that people were arrested, the government took the report seriously and public policies on the warehousing of medicines have been changed.

Civil society is exposing more schemes like this. Yet, the harsh facts are that the poor suffer in scores of countries because government officials pocket public funds earmarked for schools, for hospitals, for sanitation and for housing. The impact of corruption on the poor often reaches beyond theft – it kills.

- The poor buy cheap out-of-date or counterfeit medicines and they die.
- They go to schools that have been built on the cheap with developers paying bribes to officials to get permits and avoid inspections - in Sechuan, China, in 2008, schools collapsed in an earthquake and at least 5,000 children died.
- The poor work in factories in big buildings where politicians used their influence and developers bribe to get permits and avoid inspections: in Bangladesh last year the Rana Plaza factory building collapsed and 1,130 people died.
- Immigration officials are bribed: just a few months ago Somali terrorists gained access to Kenya, went to the Westgate Shopping Mall in Nairobi and randomly shot 67 people to death.

Corruption is not a remote crime. The building that collapsed in Bangladesh was home to textile factories that produced clothes designated for export to our markets. The wealthy property owners use the global financial system, which we also use, to stash their ill-gotten cash.

Just as the tentacles of crimes of corruption in distant lands seep into our own economy and our own institutions, so we need to shoulder a responsibility for striving to improve conditions. We need to ensure that everyone in our communities is even more keenly aware that as corruption robs the poor of their self-respect, traps them in misery and sometimes kills them, so it must be seen for what it is: a crime against humanity.

It is wrong that in the 21st century where we are capable of speaking on Skype to people across the globe and of sending rockets to Mars, that we can tolerate the crimes of corruption?

Where there is human insecurity as an explicit result of corruption, then there is national insecurity as well. The countries perceived to be the most corrupt in the world according to Transparency International include Iraq, Libya, South Sudan, Afghanistan, North Korea and Somalia, also rank among the most violent countries in the world and threaten the security of their neighbors and the world.

Acutely aware of such geo-political security issues, Vice President Joe Biden went to Kiev on April 22 and told politicians: “To be very blunt about it, and this is a delicate thing to say to a group of leaders in their house of parliament, but you have to fight the cancer of corruption that is endemic in your system right now.” He added at a press conference, “I’m of the view that Ukrainians east, west, north and south are just sick and tired of the corruption.”

Networks of Corruption

In every country where the poor suffer because of corruption, we find that the people running national governments are engaged in grand corruption. This is as true of Afghanistan, where our U.S. taxpayer funds fuel graft, just as they did in Iraq. It is true of Pakistan and Argentina, Russia and Zimbabwe, and scores of other countries.

In these countries the top politicians and the top business people conspire against the citizens.

Government contracts are awarded to big enterprises in return for kickbacks. Competitive bidding is a farce. Public procurement processes are rigged. Sometimes foreign companies seek to participate and too many of them are willing to pay bribes, agree to phony bids and place cash in foreign bank accounts for the politicians and officials that they do crooked deals with.

I am talking about companies like Halliburton of Texas and Siemens of Germany who got caught for their foreign bribery by the U.S. Justice Department and paid huge fines as a result. I am talking about banks like HSBC and Standard Chartered of the UK, who got caught by U.S. banking authorities for money laundering and paid major fines.

To stay in power top politicians control all branches of law enforcement. They fix the elections. They seek to control the media. They ensure they have impunity from prosecution. They stride above the law. They steal on an enormous scale from the people they are meant to serve.

To remain in power the top politicians and officials buy the loyalty of their subordinates. They give good jobs to nephews and cousins and brothers-in-law and create companies in the names of their wives and sons that win government contracts without any competition. They place cronies and senior subordinates in charge of state owned enterprises where they can steal for themselves. Greed is the law down and down the chain of command.

Our Complicity

Ending corruption is all the more difficult because of the complicity of governments and financial institutions in the leading mature industrial countries of the world. I am talking about money laundering.

Too many of the largest Western banks fail to ask basic questions about the origins of funds that foreign clients deposit. From London to Manhattan to the South of France, individuals of great wealth from Russia, Ukraine, Greece and Equatorial Guinea, own multi-million dollar mansions. How did they earn their money?

How legitimate are their business undertakings?

How could many of these stars of the *Forbes* magazine list of the world's richest people have become so rich so fast?

In many cases they stole and they bribed and conspired with corrupt politicians. Our bankers have been overjoyed to do business with them; our property agents have been bending over backwards to sign contracts with them; and our auction houses have been enticing them to pay record sums for art.

So many of these wealthy business people place their funds outside of their own countries because they know this is the secure thing for them to do. They do not trust their own banks. They fear that if their friends in government lose their posts, then they will lose their wealth.

Sometimes one concludes that the motto of some Swiss and Austrian banks and their financial authorities is see no evil, hear no evil and speak no evil. When Egypt's president Hosni Mubarak, Tunisian president Zine El Abidine Ben Ali, Nigerian president Sani Abacha and many like them, deposit tens of millions of dollars in Swiss banks nobody asks any

questions. Did the bankers believe these people were earning these sums in return for their government service?

Why didn't the Austrian banks reject the dirty money from the kleptocrats who recently ran Ukraine?

Why didn't the Swiss authorities freeze the stolen Egyptian and Tunisian funds before their former leaders were ousted from office?

Why have vast sums of cash in European banks belonging to former heads of state not been returned to the people who were cheated? Why are European authorities so unwilling to move resolutely to ensure the repatriation of stolen cash?

As tax payers you have all a vested interest in this situation. The system is the theater of the absurd. On the one hand the assets of the former political leaders of Ukraine have been frozen in banks in West European banks, while on the other hand the U.S. Congress has been asked to vote for a \$1billion transfer of cash from American taxpayers to bankrupt Ukraine. Would it not be more logical if the stolen cash in the banks was just sent back to Ukraine?

Of course, but bankers and their lawyers are preventing this and profiting, while we and the people of Ukraine both pay.

Our Western financial system is the willing handmaiden of many of the most corrupt public officials and their business associates in the world.

Integrity

When I chatted about global corruption with Kenyan John Githongo and we compared Third World scams to the activities of global banks, he noted about the U.S. situation: "It is different, the sense that organizations are too big to fail, some people are too big to jail and some financial instruments are too complex to understand. One of the things we watched from the Third World was seeing people knowingly selling dodgy mortgages to people whom they know could not pay them – that is fraudulent. Who is going to prison? We are still waiting?"

We saw enormous greed and questionable deals on Wall Street and across our financial system in 2005 and 2006 and 2007 and then in the next two years some of the largest banks in our country had to be bailed out by you the taxpayers. Not a single top banker has been indicted.

In 2013, J.P. Morgan Chase, the largest bank in the United States, agreed to pay over \$20 billion in fines to U.S. authorities to settle all manner of alleged wrongdoings most of which were related to those dodgy mortgages that John Githongo mentioned. The Board of Directors of this bank decided to give its chairman and CEO, James Dimon, a 74% pay rise, so he could take home \$20 million.

That single act tells us that the bank's leaders saw the fines as just the cost of doing business; they saw their institution being sufficiently above the law not to fear greater punishment than just some fines; and by boosting Dimon's pay they told the world that the maximization of profit trumps integrity.

The New York Times recently reported chief executive pay at the U.S.'s 100 largest corporations keeps rising - up 9% to an average of \$13.9 million last year. The AFL-CIO trade union association estimates that top CEOs on average earn more than 330 times the amounts that the average American worker does.

The ratio is obscene. The vast amounts that some top executives pocket each year, irrespective of the performance of their enterprises, smells particularly badly at a time when young people have intense difficulties finding jobs on graduating from college, when average personal incomes are stagnant and when unemployment is high. The compensation picture may not be corrupt, but it lacks integrity. Former New York Federal Reserve Board President Bill McDonough noted a decade ago on seeing the surge in executive pay that it represented “terribly bad social policies and perhaps even bad morals.”

We must all come together to remind our business leaders that the tone at the top matters.

Corporations can have the most sophisticated compliance programs to prevent corrupt acts and wrongful managerial behavior, but if their top managements do not walk the integrity walk then the compliance training is meaningless. When we look at the rapidly rising levels of top pay in our corporations we have to recognize that our business leaders have lost their moral compass.

The words “ethics” and “integrity” appear frequently in corporate advertisements, but insufficiently in corporate board rooms. This needs to change.

I would suggest that we Americans need to recall the courage of earlier American leaders, who wrote the Constitution, who battled for civil rights, who waged war on poverty and who sought to make this country a model for all nations. Today, we need to restore integrity to our political campaigns and to the business boardrooms here at home first, then use our influence abroad to build a better world.

Fighting for Justice

Now, let us focus on what can be done and indeed what is being done to fight for justice.

Never before in history have we known as much about corruption in the world as we do today. Knowledge is power. And so now, perhaps for the first time, we can see on the horizon a light ascending that I believe will become brighter, casting sunlight into the dark corridors of political and corporate power.

This is the age of transparency. This is the time when, as we have seen in Egypt and Tunisia, in Brazil, in India and in Ukraine, people are going into the streets and shouting no to corruption, no to impunity, no to illegitimate governments and yes to justice.

In 1990, a new era started. The Berlin Wall was ripped apart, the Soviet Union collapsed, and South African apartheid was on its way to destruction. It was in this environment of dramatic geo-political change that I was invited to chat about corruption by Peter Eigen, the World Bank’s representative in Nairobi, Kenya, who I had first met some years earlier when I also worked for the Bank.

Peter spoke to me and to others about the enormous toll taken by corruption on developing countries and the refusal of the United Nations, the World Bank and other global institutions to even acknowledge the problem. They viewed the disease as if it were incurable, thus they ignored it.

In 1993, Transparency International was established as the first global, non-partisan, not-for-profit, anti-corruption organization with now former World Banker Peter Eigen at the helm. We had no money, or an office, or staff. We had a dream and we knew we stood on the right side of history.

Now, 21 years later what does the ledger of fighting for justice and against corruption show?

On every front there has been progress.

There is now enormous research on corruption; there are international conventions and stronger national laws; there are anti-money laundering initiatives and record level prosecutions of corporate bribe-payers. In my book I highlight the many milestones over the last two decades in building a framework for curbing corruption.

On the ground today there is more activity than ever before. Transparency International alone operates 100 national chapters. There are scores of other anti-corruption organizations, large numbers of investigative journalism outfits specializing in corruption and more media attention than ever before. The Internet has been the tool to build organizations, networks and mass movements through social media against kleptocrats.

Heroes

The real treasure in this story of progress against corruption is to be found in the people on the front lines. Leading the charge against corruption, saying no to impunity, yes to integrity, yes to transparency, yes to accountability and yes to justice, takes courage and skill.

I wish my friends were all here today so you could meet them – Elena Panfilova in Moscow and Mary-Jane Ncube in Zimbabwe, José Ugaz in Peru, John Githongo in Kenya, Devendra Panday in Nepal, Sion Assidon in Morocco, Delia Ferreira in Argentina, Ruben Lifuka in Zambia, Huguette Labelle, the TI Chair, and many more.

I took a film cameraman to meet J.C. Weliamuna from Sri Lanka a few months ago when we were attending a conference in Berlin together. We caught Weli at breakfast just as he was enjoying some toast and eggs. The cameraman asked: have you ever faced danger?

Weli looked up at the camera and nonchalantly said, “When my home was bombed my wife and I had to decide whether we should leave the country. We knew that this had been organized by the government. But we decided to stay for three reasons. First, we both had received a good education from the state and we owed our country a great deal. Second, hundreds of people came to our house to voice their solidarity and we could not just turn our backs on them. And, third, we could not let the government get away with this.”

Elena in Moscow never has to press send on her office computer because she knows that the security services monitor every keystroke that she makes.

And, I have not mentioned Cobus de Swardt yet, the managing director of Transparency International’s global secretariat. Cobus was a student activist against apartheid in South Africa, often getting hurled into jail and beaten up by the police and even shot. Cobus brings a passion and a determination to the global fight for justice and against corruption that inspires activists across the globe – he brings to this cause the determination and the skills he first acquired in the fight for justice in South Africa.

Conclusion

Today, in small ways and in large, the civil society activists on the frontlines against corruption and for justice are mobilizing ever larger numbers of people. These are ordinary people who are angry about the loss of their self-respect and their insecurity as daily they must pay bribes for services that the state should be providing for free.

Every day the movements are gaining in knowledge and in strength. This train cannot be stopped.

Victories will not come easily and there will always be setbacks. We know that the journey will be long. But never before have those who are corrupt had so much to fear. Never before have they had so few places to hide and to hide their money.

Our voice must not just be heard in Moscow and Kabul, but also in Washington DC and on Wall Street. We must convince our leaders in government and in business that standing up for integrity is noble and that the world cries out for a model to emulate: a model that respects the rule of law, that sees justice being fairly administered, and that sees checks and balances in government that counter corruption.

So do consider what you can do. Educate yourselves about the issues that I have discussed here today. Write to your member of Congress. Campaign for limits on election spending. Support groups that press for full rights for whistleblowers. Do the due diligence on your prospective employers to ensure they have the ethical standards that you admire. Strengthen public awareness of the solutions to the major problems of corruption at home and abroad.

So let us join together to end corruption, promote integrity and fight for justice.

Thank you.

Frankvogl@gmail.com
www.frankvogl.com