

Hypocrisy on bribes

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The near-worldwide failure to investigate corruption in the Iraqi oil-for-food programme is an embarrassing reminder of the shortcomings of the international crackdown on corporate bribery. State prosecutors' reluctance to follow-up on Paul Volcker's 13-month-old United Nations report on the scandal echoes what many campaigners see as a general truth: in spite of the occasional spectacular case, too few countries have shown a serious commitment to tackling graft.

Perhaps as telling as the Volcker aftermath is a report published last week by Transparency International, the anti-corruption watchdog, which showed many people of all regions had a poor opinion of their governments' anti-corruption efforts. Only 22 per cent viewed official policies as effective, while almost half of Europeans and half of North Americans saw their governments' actions as ineffective.

Some of the worst offending nations are among the biggest economies and most pious critics of corruption. In September, Mark Pieth, a co-author of the Volcker report, said Group of Eight members Japan, Italy and Britain - which has long claimed to be among the leaders of anti-corruption efforts - were "below standard" in implementing an anti-bribery convention applied by the Organisation of Economic Co-operation and Development in 1999.

Part of the problem is the inertia that too often still results when corruption allegations shunt up against strategic and commercial realpolitik. The controversial British investigation into alleged bribery of Saudi Arabian officials by BAE Systems to secure Britain's biggest arms export deal is a key test of whether investigators are allowed to get on with their work without political interference, whatever they may conclude.

More broadly, the philosophy of the OECD's valuable work needs to be carried through to other big economies such as China and India. If politicians and companies are truly committed to preventing a race to the bottom in industries in which corruption has flourished - such as oil, mining and construction - then executives thinking about paying bribes need to be made to feel they face the real risk of penalties.

Another way forward has been charted through the Extractive Industries Transparency Initiative, a British-inspired programme to increase disclosure of flows of money between companies and governments in resource-rich countries. More than 20 nations - ranging from Azerbaijan to Trinidad and Tobago - have committed to the initiative's principles, although a stronger, compulsory approach may be needed.

The few robust responses to the Volcker report - such as the investigation into the Australian Wheat Board - show what can be done. The task is to create a business environment in which such probes are seen as normal and proper practice, rather than eye-catching exceptions.

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