

## **PRESS RELEASE**

**EMBARGOED UNTIL SATURDAY 15 JULY 1995 AT 0400 HRS GMT**

# **NEW ZEALAND BEST, INDONESIA WORST IN WORLD POLL OF INTERNATIONAL CORRUPTION**

New Zealand, Denmark, Singapore and Finland come out as the least corrupt countries in the world, and Pakistan, China and Indonesia as the worst in the 1995 TI Corruption Index released today (Saturday, 15 July 1995) by the Berlin-based anti-corruption non-governmental organisation, Transparency International (TI).

The organisation was established two years ago to raise awareness of international corruption and to create a coalition of interests from both the public and the private sectors to combat it.

“The index will appear annually and is a ‘poll of polls’”, explained Dr Eigen, Chairman of TI, in releasing the survey.

“It is an assessment undertaken for us by a specialist economist, Dr Johann Graf Lambsdorff of the University of Göttingen, in which existing polls of international business interests and financial journalists have been analysed and collated. It is thus a picture of how international business sees the levels of corruption in the 41 countries ranked in the survey.”

To the extent that countries have problems with their rankings, this lay not with the index but rather with the perceptions international business have of the state of affairs in those countries, he explained.

“We plan to broaden the scope of the index, and also to include assessments of the levels of corruption practised by businesses from various major trading countries in their dealings abroad,” Dr Eigen continued. “To the extent that the survey is limited in scope, this is because the existing polls themselves have been selective and only countries which have been the subject of at least two polls are included.”

Dr Eigen added that there was not always agreement as between the various polls and this is taken into account by averaging the scores and calculating the variance. A high degree of variance, as for example in Argentina, indicates a wide disparity between the polls. A high degree of concordance, as with Denmark, indicates near universal agreement.

The index establishes that no region of the world can claim any form of moral superiority when it comes to corruption, and that there are deep-seated problems in every part of the world, he concluded.

The index will be kept up-to-date throughout the year through the Internet (and may be consulted at <http://www.gwdg.de/~uwww>).

# 1995 TI CORRUPTION INDEX

## Explanatory note

The 1995 Transparency International (TI) Corruption Index is an initiative taken by the Berlin-based international non-governmental organisation, TI, together with Dr Johann Graf Lambsdorff, an economist with the University of Goettingen (both of whose addresses are attached). The index will appear annually hereafter.

What is the Index? The index is a “poll of polls”, representing the average scores which individual countries have been given by international businessmen and financial journalists when polled in a variety of contexts.

It is not an assessment of the corruption level in any country as made by TI or Dr Johann Graf Lambsdorff. Rather it is an attempt to assess the level at which corruption is perceived by businessmen as impacting on commercial life.

To the extent that any country has a problem with its ranking, this lies not with this index but rather with the perception that businessmen polled apparently have of that country. Their perceptions may not be a fair reflection on the state of affairs, but they are a reality. It is this reality that the index seeks to assess.

Countries covered in the index Because of the nature of the index it has only been possible to include countries who have themselves been the subject of a number of such polls. To the extent that the list (of 41 countries) does not include some countries, it is because the polls surveyed do not include them. It is hoped to broaden the scope of the index in future years.

Methodology The index has been prepared using seven surveys, including three from the World Competitive Report from the Institute for Management Development in Lausanne (1992-1994), three from the Political & Economic Risk Consultancy Ltd, Hong Kong (1992-1994) and a 1980 survey from Business International, New York. The index only includes countries for which a minimum of two scores (and in some cases as many as 7) exist.

Understanding the Index In the index there are three figures given for each country. The first is its overall integrity ranking (out of 10). A ten equals an entirely clean country while zero equals a country where business transactions are entirely dominated by kickbacks, extortion etc. No country scores either ten or zero.

The second column indicates the number of surveys in which the particular country has been included (i.e. from 2 to 7: the greater the number the more reliable the assessment).

The third column indicates the variance of the rankings. A high number indicates a high degree of deviating opinions. On the one hand, a variance of 0.01 for Denmark, for example, represents an almost perfect concordance. On the other hand, the variance of 5.86 for Argentina indicates a high disagreement among the polls, with some placing the country much higher and others much lower on the overall scale. Some will wish only to publish the raw results (in Column One).

## 1995 TI Corruption Index

How international businessmen and financial journalists perceive corruption in 41 countries around the world:

<b>Country</b>	<b>Score</b>	<b>Surveys</b>	<b>Variance</b>
New Zealand	9.55	4	0.07
Denmark	9.32	4	0.01
Singapore	9.26	7	0.21
Finland	9.12	4	0.07
Canada	8.87	4	0.44
Sweden	8.87	4	0.11
Australia	8.80	4	0.54
Switzerland	8.76	4	0.52
The Netherlands	8.69	4	0.63
Norway	8.61	4	0.78
Ireland	8.57	4	0.61
United Kingdom	8.57	4	0.17
Germany	8.14	4	0.63
Chile	7.94	3	0.97
USA	7.79	4	1.67
Austria	7.13	4	0.36
Hong Kong	7.12	7	0.48
France	7.00	4	3.32
Belgium/Luxembourg	6.85	4	3.08
Japan	6.72	7	2.73
South Africa	5.62	4	2.35
Portugal	5.56	4	0.66
Malaysia	5.28	7	0.36
Argentina	5.24	2	5.86
Taiwan	5.08	7	1.03
Spain	4.35	4	2.57
South Korea	4.29	7	1.29
Hungary	4.12	3	0.69
Turkey	4.10	4	1.33
Greece	4.04	4	1.65
Colombia	3.44	2	1.12
Mexico	3.18	4	0.06
Italy	2.99	4	6.92
Thailand	2.79	7	1.69
India	2.78	5	1.63
Philippines	2.77	5	1.13
Brazil	2.70	4	3.11
Venezuela	2.66	4	3.18

Pakistan	2.25	4	1.62
China	2.16	4	0.08
Indonesia	1.94	7	0.26

The 1995 TI Corruption Index is made available for publication on the basis that acknowledgement is made to Transparency International and the University of Goettingen.

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**NOTE FOR EDITORS** Transparency International (TI) was formed in May 1993 and has the support of governments and leading individuals in both developing and developed countries. Its international focus is on corruption international business transactions and forging an international solidarity movement for the various national chapters which are being formed around the world to fight corruption at the domestic level.

The organisation does not play an investigative or "exposure" role, but monitors the functioning of institutions designed to counter corruption, and works to improve their effectiveness.

TI is in a position to put journalists in touch with authoritative sources on international corruption issues, including sources in the Third World.

TI has been lobbying western governments support of action at the OECD, and although the final resolution falls short of the legally binding directive which TI would have liked to have seen, it nonetheless represents the first time that the problem has been approached in a realistic fashion. The previous attempt by the International Chamber of Commerce to introduce a code of conduct failed to have any effect at all, as there was no monitoring

mechanism and the proposal was unrealistic - it simply required everyone to stop bribing without addressing the crucial issue of the need for changes in national market-places.

TI's approach is unique, it is evolutionary and it involves coalition-building. It seeks to bring influential elements of civil society (North, East and South) into national coalitions with their own governments a non-party political way the belief that responsible elements in civil society see the containment of corruption as an issue on which all should be able to reach agreement, regardless of political persuasion. For an up-to-date assessment of the TI Corruption Index, you can also consult the Internet at <http://www.gwdg.de/~uwww/>).



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