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Keynote Debate: Public Concerns about Globalisation

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GLOBALISATION AND CORRUPTION

Transparency Int'l's concerns about globalisation relate to one of its major aspects : Financial globalisation. It means an unlimited freedom of capital movements worldwide.

Capital markets have developed financial products of a wide variety, enabling investors to become powerful players in the economy of any country in the world. Crises have resulted from abuses of the use of these products, in Russia in 1998, in Argentina the following year.

But the concern of TI is more focused. When freedom of capital movements becomes a dogma, criminals of all kinds take advantage of it to develop their underground economy. As a result, there is a steadily increasing flow of criminal money, from drug traffic, from corruption, being laundered daily and sheltered in the co-called tax havens.

This unlimited freedom is an obvious inducement for corruption, as it gives plenty of legal tools to make it impossible for judges and investigators to detect.

Unless the world community finds ways to better control this situation, globalisation will be viewed by the citizens as an evil. All actors of the economy must join forces, States, private sector entities, banks and civil society, so that globalisation becomes a benefit for all citizens.

The major achievement along these lines was the OECD Convention of 1997. Most of the richest countries in the world undertook to prohibit corruption of foreign public agents, and to set up a monitoring mechanism by way of peer review.

TI's concern is that, ten years later, the Convention is at risk. Our chair, Huguette Labelle wrote two days ago to OECD secretary general Angel Gurría, calling for implementation of the Convention by the United Kingdom and Japan, whose lack of action and breach of the rules is likely to have a disruptive effect.

- UK Government treatment of the Al Yamamah case appears on its face as a violation of the Convention. Public and private sector companies from other OECD countries operating in the same field of arms trade and other strategic activities claim that they are at a disadvantage when they compete with UK firms.

- TI calls for a strong statement from the OECD 15-16 May Ministerial meeting and for the continuation of a vigorous monitoring program.