



# NEWSLETTER

Volume 2, Number 3

October 1998

## Canadian Chapter News NEW!

### **WORD FROM THE PRESIDENT** *Wesley Cragg*

Michael Davies, (Vice Chair), Bronwyn Best (National Coordinator) and myself have just returned from Kuala Lumpur and the fifth annual general meeting of Transparency International. The first meetings occurred around a kitchen table in a private home. The fifth AGM occurred in a large hall accommodating over 250 delegates from well over 50 chapters from around the world. Guest speakers included senior officials of the World Bank, the International Monetary Fund, the OECD, the Asia Development Bank, to name but a few. What a difference a few years can make! This Newsletter reports on one of the most successful contributions of TI, the Corruption Perceptions Index. Our new web page provides an excellent preview. Meanwhile, if you are not a member, consider joining today.

### **NORTEL AND THE GLOBE AND MAIL BECOME CHARTER MEMBERS**

We are pleased to welcome Nortel and The Globe and Mail, as the newest charter members of TI-Canada. They join IBM, Alcan, GE Canada, Placer Dome, Ontario Hydro, IAMGOLD, McCarthy Tetrault, and Lindquist Avey Macdonald Baskerville in this prestigious category. Suncor Energy and Barrick Gold Corporation have also joined as corporate members. Find a full listing of TI-Canada membership on our web page.

### **MAX CLARKSON: ETHICS LEGACY**

Max Clarkson, founding member of TI-Canada Board of Directors, died this summer, on a cruise, celebrating his 50<sup>th</sup> wedding anniversary. Max lived his profound belief in ethics in life and ethics in business and shared that belief at every opportunity. He believed in encouraging the slightest glimmer of interest in business ethics, playing his role in bringing it to fruition.



**Want more information on anti-corruption?**

Visit us at Transparency International - Canada's new web page:

[www.bus.yorku.ca/program/TranIntl/index.htm](http://www.bus.yorku.ca/program/TranIntl/index.htm)

Said Len Brooks, Executive Director, The Clarkson Centre for Business Ethics, "Max was such an energetic, keen-minded, action-oriented visionary, that his contributions are many and of greatest significance." Fortunately for us all, Max left a strong legacy, one from which we may continue to learn and grow.

## International News

### **1998 CORRUPTION PERCEPTIONS INDEX**

On September 22, Transparency International released its 1998 Corruption Perceptions Index (CPI). This is the most comprehensive index of perceptions of corruption ever published by TI, ranking 85 countries.

The CPI is a "poll of polls," drawing upon numerous distinct surveys of expert and general public views of the extent of corruption in many countries around the world. "The 1998 CPI is a wake-up call to political leaders and to the public at large to confront the abundant corruption that pervades so many countries," said Dr. Peter Eigen, Chairman of TI.

Dr. Eigen noted that, "Directly confronting corruption must be a top priority for most national governments and the international organisations concerned with development, economic growth and human progress."

Added TI Vice Chairman, Frank Vogl, "The CPI scores, with their shocking portrayal of so many countries perceived to be home to rampant corruption, will spur Transparency International to be even more aggressive in mobilising initiatives to counter corruption world-wide. Securing democracy, alleviating poverty and human suffering, and sustaining investment and commerce, are inextricably dependent upon curbing corruption in most of the developing nations and across Central and Eastern Europe."

TI noted that since its inception in 1995, the CPI has served the constructive purpose of stimulating public debate about corruption. In some countries it has also led to substantive anti-corruption reform. It needs to be emphasised, though, that it can take some time for these actions to influence international perceptions, before being reflected in the CPI.

In the last three years many leading international organisations, such as the United Nations, the World Bank, the International Monetary Fund, the Council of Europe, the European Union, the Organisation of American States, the Organization for Economic Cooperation and Development (OECD) and the Global Coalition of Africa have articulated anti-corruption policies, often with TI involvement.

The annual CPI sensitises public opinion world-wide to the corruption issue, influences the policies of major aid agencies and is a factor in the foreign investment decision of multinational corporations.

### **CANADA NOT OFF HOOK**

While Canada registered high on the CPI, i.e., is perceived to be one of the least corrupt countries in the world, this by no means lets Canada off the hook. Accompanying the 1998 CPI is the following statement by Peter Eigen.

*Underlying the CPI is the reality that much of the world's most damaging bribery comes directly from business enterprises trading and investing internationally. The scale of corruption in many poorer countries, particularly the corruption of their elite and the negative impact of corruption on development and the plight of the most poor, would be much less were it not for illicit actions by companies with headquarters in many of the leading industrialised countries. More than this, benefits to bribe payers are facilitated by the existence of safe havens provided by the banking systems of some of the leading industrialised countries.*

*TI, as a matter of priority, is developing approaches, which*

*will capture in a separate Index the sources of this international corruption. This will shine the light on the countries that are the homes of bribe-paying corporations. It will be a vital complement to the CPI and will reflect the hitherto unseen faces of international corrupters.*

*In this context, TI welcomes the successful completion of the OECD treaty which will criminalise these actions by their exporters and deny tax deductibility to bribes paid abroad. TI has, throughout, been actively involved in this initiative, and will continue to monitor closely its implementation by governments.*

*Let me, on behalf of all involved in TI, call on the world's press to convey to readers the message of the havoc wrought by the bribe payers. Please also resist the temptation to pin labels on countries as being 'the world's most corrupt.' That would be wrong. The CPI includes only about one-half of the world's sovereign states, as reliable data is not available for the balance. We repeat, too, that the CPI measures perceptions, and that perceptions do not necessarily accord with realities.*

Dr. Wesley Cragg, Chair and President, TI-Canada, concurs with Dr. Eigen's. "Corruption is a problem, because multinational corporations, headquartered in countries like Canada, are prepared to pay bribes to advance their interests," said Dr. Cragg. TI-Canada looks forward to Canada's ratification of the OECD Anti-Corruption Convention.

### **GENERAL OLUSEGUN OBASANJO RELEASED FROM PRISON**

Upon the death of General Abacha of Nigeria, General Olusegun Obasanjo, Chairman of the Advisory Council of TI, was released from three years as a political prisoner. In a letter to all National Chapters, General Obasanjo wrote: "I wanted to write to you...to thank you most sincerely for all the help, encouragement and support you and other members of our TI fraternity were able to give me and members of my family. This I feel sure contributed in no small measure to my recent release...We all have to work for a global environment from which the present debilitating scourge of corruption has been eradicated. A world in which our people are served by honest politicians and officials, and by a private sector that competes on quality and price, not on levels of corruption."

**1998 CPI SCORE**

(Score relates to perceptions of the degree of corruption as seen by business people, risk analysts and the general public and ranges between 10-highly clean-and 0-highly corrupt; Standard Deviation [SD] indicates differences in the values of the sources: the greater the standard deviation, the greater the differences of perceptions of a country among the sources; Surveys Used [SU] refers to the number of surveys that assessed a country's performance. 12 surveys were used and at least 3 surveys were required for a country to be included in the 1998 CPI.)

Rank	Country	Score	SD	SU
1	Denmark	10.0	0.7	9
2	Finland	9.6	0.5	9
3	Sweden	9.5	0.5	9
4	New Zealand	9.4	0.7	8
5	Iceland	9.3	0.9	6
6	Canada	9.2	0.5	9
7	Singapore	9.1	1.0	10
8	Netherlands	9.0	0.7	9
	Norway	9.0	0.7	9
10	Switzerland	8.9	0.6	10
11	Australia	8.7	0.7	8
	Luxembourg	8.7	0.9	7
	United Kingdom	8.7	0.5	10
14	Ireland	8.2	1.4	10
15	Germany	7.9	0.4	10
16	Hong Kong	7.8	1.1	12
17	Austria	7.5	0.8	9
	United States	7.5	0.9	8
19	Israel	7.1	1.4	9
20	Chile	6.8	0.9	9
21	France	6.7	0.6	9
22	Portugal	6.5	1.0	10
23	Botswana	6.1	2.2	3
	Spain	6.1	1.3	10
25	Japan	5.8	1.6	11
26	Estonia	5.7	0.5	3
27	Costa Rica	5.6	1.6	5
28	Belgium	5.4	1.4	9
29	Malaysia	5.3	0.4	11
	Namibia	5.3	1.0	3
	Taiwan	5.3	0.7	11
32	South Africa	5.2	0.8	10
33	Hungary	5.0	1.2	9
	Mauritius	5.0	0.8	3
	Tunisia	5.0	2.1	3
36	Greece	4.9	1.7	9
37	Czech Republic	4.8	0.8	9
38	Jordan	4.7	1.1	6

39	Italy	4.6	0.8	10
	Poland	4.6	1.6	8
41	Peru	4.5	0.8	6
42	Uruguay	4.3	0.9	3
43	South Korea	4.2	1.2	12
	Zimbabwe	4.2	2.2	6
45	Malawi	4.1	0.6	4
46	Brazil	4.0	0.4	9
47	Belarus	3.9	1.9	3
	Slovak Republic	3.9	1.6	5
49	Jamaica	3.8	0.4	3
50	Morocco	3.7	1.8	3
51	El Salvador	3.6	2.3	3
52	China	3.5	0.7	10
	Zambia	3.5	1.6	4
54	Turkey	3.4	1.0	10
55	Ghana	3.3	1.0	4
56	Mexico	3.3	0.6	9
	Philippines	3.3	1.1	10
	Senegal	3.3	0.8	3
59	Ivory Coast	3.1	1.7	4
	Guatemala	3.1	2.5	3
61	Argentina	3.0	0.6	9
	Nicaragua	3.0	2.5	3
	Romania	3.0	1.5	3
	Thailand	3.0	0.7	11
	Yugoslavia	3.0	1.5	3
66	Bulgaria	2.9	2.3	4
	Egypt	2.9	0.6	3
	India	2.9	0.6	12
69	Bolivia	2.8	1.2	4
	Ukraine	2.8	1.6	6
71	Latvia	2.7	1.9	3
	Pakistan	2.7	1.4	3
73	Uganda	2.6	0.8	4
74	Kenya	2.5	0.6	4
	Vietnam	2.5	0.5	6
76	Russia	2.4	0.9	10
77	Ecuador	2.3	1.5	3
	Venezuela	2.3	0.8	9
79	Colombia	2.2	0.8	9
80	Indonesia	2.0	0.9	10
81	Nigeria	1.9	0.5	5
	Tanzania	1.9	1.1	4
83	Honduras	1.7	0.5	3
84	Paraguay	1.5	0.5	3
85	Cameroon	1.4	0.5	4

**for more information see  
the TI-Canada web page at :**

[www.bus.yorku.ca/program/TranIntl/index.htm](http://www.bus.yorku.ca/program/TranIntl/index.htm)

**INDIVIDUAL MEMBERS** (Fee Range -- \$50 to \$100)

Individual members will be entitled to full participation and voting privileges at all meetings of the members.

**VOLUNTARY SECTOR ORGANIZATIONS** (Fee Range -- \$50 to \$500)

The designated spokesperson of an NGO has full voting and participation rights at meetings of members.

**GOVERNMENT DEPARTMENTS AND AGENCIES** (Fee -- \$500)

We welcome government departments and agencies as (arm's length) members, but government members will have no voting rights

**PROFESSIONAL FIRMS, BUSINESS CORPORATIONS** (Fee Range -- \$1,000 to \$5,000)

The designated spokesperson of professional and business firms has full voting and participation rights at meetings of members.

**CHARTER MEMBERS** (Fee -- \$10,000 over two years)

The purpose of charter membership is to put the chapter on a sound financial footing in its first two years of operation. Charter members will have all the rights and privileges of other members and will have the right to sit on a Corporate Advisory Council and assist in advising the Board on policies and programs.

**ALL MEMBERS** will receive newsletters, information about conferences and workshops, and the right to participate in these conferences and workshops on a cost recovery basis.

**APPLICATION FOR MEMBERSHIP**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Country: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Telephone: (\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_) \_\_\_\_\_

E-mail: \_\_\_\_\_

Membership Category	Individual	Volunteer/NGO Government	
(circle one)		Professional/Business	Charter

Fee: Amount \_\_\_\_\_ (Please enclose cheque, payable to "TI-Canada")