

Remarks by World Bank Group **President James D. Wolfensohn**
Vice-President Al Gore Conference on Corruption
at the State Department **OR February 24, 1999**

As introduced by Vice President **Al Gore**:

MR. WOLFENSOHN: Thank you **very** much, indeed, Mr. Vice President, May I start by **saying** to my colleagues on **the** dais and in **the** audience how very grateful I am to ha **able to be** bare and to **participate** in this **mceting**.

Thank you, Mr. Vice **President**, for a very stirring and **meaningful** **introduction**, filled with **both** background and **practicality** on this **subject**. Thank you too for your announcement about your desire to **move** further **on** the issues of **diagnostics**. That is something **I welcome very** much **and** we look **forward** to working with you and with your **government on** this.

It **is** true that when I came to **the** World Bank, I was given **an** admonition by our **general counsel** that **I** should read **the** **Articles** of **the** **Bretton** Woods agreements. In **there** it says that I am to deal with economic matters and **that as an** international civil **servant**, I should **not**, if **I want** to keep my job, talk about political **matters**. **And** I was then told that **there** was one word **I could** not **use**, which was the "**C**" word, the "**C**" word being "corruption". Corruption, you see, **was** identified **with** politics, and if **I** got into that, **I would** have a **terrible time with my** Board.

Well, I then **visited quite** a number of countries, and I decided **in 1996 that** I would redefine **the "C"** word not as a **political** issue **but** as something **social** and **economic**. **That** got me **in** under the wire of the **Articles** of **the** **Bretton** Woods institutions and, **simultaneously**, my **friend Michel Camdessus** did the same on the **side** of the **International** Monetary Fund.

The fact is that **all** the **evidence** indicates that **the** major inhibiting factor **to** investment **and** to constant development; the major factor which affects the lives **of** poor people in terms of **equity** and **in** terms **of their** opportunity, is, in fact, corruption.

And what was interesting was that **after 50-odd** years of not mentioning the word, in **the** following year **the central** item **on** the agenda of the **Development** Committee was corruption. And **the central** discussion by **the Finance Ministers** was **corruption**, and every single **Minister** spoke.

So, **Mr.** Vice President, your notion that this is **an** idea whose time has come has been borne out at the level of my own experience, and I am delighted about it.

We have moved **beyond** that in terms of our **own** activities because we, like **the** U.S. Government **and** like **all** of **you**, first decided we should **look** inside. What was it that we were **doing** in terms of **demonstrating** our own **commitment** to fighting corruption? **We** clearly needed first to look **at** home? And **this was a** very, very difficult **thing** because **everybody** thought **everybody** was honest. **There** was **the** assumption that **everything the** World **Bank** had done had **been terrific, that there** is **no** way that we **could** have **contributed** in any way to **either** ignoring corruption **or** to participating. And **so** the **first thing** we did, **Mr. Vice** President, was to **really** do a **clean** scrubbing job inside; **were there** any among our 10,000 people who were causing **infractions or contributing**.

That **task is continuing**, and we have **found a few people** who have **done** things that we would wish they had **not** done. But we are putting it out there publicly and in the **press** because we believe in **transparency**. And we **believe** in demonstrating that we **are** not going **to let someone steal a postage stamp** because it **is** not right and it sends the wrong **signal**. This is **something we will** continue to do.

We are doing our **own** programs **on** ethics. We **are** having **our** people go away for **three** days **to** talk about **values** because we need, first of **all**, to ensure that **in** **dealing** with all of **you, you can feel confident that we are** looking inside ourselves. You

must **know** that we do not feel we are immune from these **same** problems; that **we all share them**.

It is tough but we have decided to do it, **and** we have decided **to** do it publicly and make our findings known. And that, of course, has **helped us as** we come to your **countries** at your request – and **only** at your **request** – to **try and see** what it is that we can contribute in term8 of getting practical **on** the problems, on the issues of diagnostics. **My** colleague **Dani Kaufmann** will take you through how these diagnostics work this **afternoon**.

The **importance** of this is the use of non-threatening **reviews, non-personal** reviews, to **try** and **determine** what **are** the systemic issues in corruption, whether it is buying jobs as Customs **officials** or as judges; whether it is corrupt practice with road police, with. phone **installations**, with enterprise registration, with water and electricity, weights and measures, fire **and** sanitary inspections, tax and **financial** inspections and so on and so **on**. **All** these **things** get built into the system and it is the poor and those that **are** seeking to develop that suffer,

This is not a political issue. This **is** a human issue. **This** is a development issue. **This** is **an** economic and social **issue**.

And as **I** leave in **just** a short while for Korea far a conference, you should **know** that at that **conference** where **we** are **talking** about the structure of the international **financial** system, I will be **telling** them that on the **one** side there is the issue of financial and monetary **policy** and **the** issue **of** the size **of the** packages and the issue of **finance and** interest rates and **exchange** rates, which we **are** al! **familiar with**, and which is the central **discussion as** we talk **of international financial** stability. But on the other side of the **balance sheet there** is an equally important analysis, that is, the analysis **of governance and structure** and the **analysis** of social services and **the analysis** of equal opportunity and human and **personal** rights. Because you **cannot** have economic and monetary

development on a stable basis if it is built on an unstable structure. And the first two elements in that structure which we are now testing in many parts of the world – and I see the Vice President of Bolivia here with whom we're working quite particularly – is governance and corruption in the first place and a functioning legal and judicial system that works.

You might think that we would immediately start on finance. We do then come then to finance, and, of course, we come to social services. But you cannot have a fight against continuing poverty, you cannot have equitable growth, indeed, I would suggest in the end you cannot have a peaceful world, if we do not address the issues of governance, corruption, and a legal and justice system that works.

That is central to the activity of the Bank. It is equal to any discussion on finance, and I would suggest any discussion on finance and development is meaningless without an approach on governance, corruption, justice, and law.

So that is the position of our institution. This is central to our efforts. We recognize that we are only a small part of that effort, shared with my colleagues on the dais. We recognize that our contribution can only be made if it is at your invitation with the support of your governments, your civil society, and whether those problems can be addressed from within.

But I simply wanted to say to you that it is a fundamental commitment for the Bank. We are ready to serve you and to work with you. We are ready to learn with you. We are ready to have our triumphs and our failures together. But as a central objective, there is nothing more important for our institution, and I'm very grateful to you, Mr. Vice President, for convening this meeting.

VICE PRESIDENT GORE: Thank you very much.