

OFFICE OF

SENATOR WILLIAM PROXMIRE

WISCONSIN

FOR RELEASE AFTER 6:30 AM FRIDAY MARCH 12, 1976

Senator William Proxmire (D-Wis.) introduced legislation Friday outlawing bribes to foreign government officials by U.S. corporations. The bill will be referred to the Senate Banking Committee, which is chaired by Proxmire.

In a statement on the legislation, Proxmire said "The recent revelations of foreign bribes paid by many of our largest corporations threaten to undermine public confidence in our free enterprise system. We cannot condone bribery abroad and expect the public to believe that the same kind of illegal payoffs do not occur at home. Corporate corruption knows no boundaries. If we permit bribery to become a regular policy of U.S. corporations doing business abroad, it will only be a matter of time before these same corrupt practices inflict our domestic economic system.

"There are those who condemn foreign bribery but who argue that it should be dealt with only through an international treaty such as the one the State Department has announced it is considering. This approach is really a prescription for doing nothing. It would take years to get all of the countries involved to agree to such a treaty. In the meantime, bribery would continue to flourish.

"Even if quick agreement could be obtained, who would enforce the treaty? Unless the parties to the treaty were willing to surrender sovereign authority to an international agency, each country would have to enforce compliance on the part of its own corporations. Those countries who conscientiously tried to enforce the treaty would be at a disadvantage compared to those who cloaked themselves in the treaty's rhetoric while all the time permitting business as usual.

"An international treaty to outlaw bribery is equivalent to a treaty to outlaw war. While high sounding in purpose, it is devoid of any practical effect.

"If a treaty is not the answer, then what is? I believe the United States must take the lead and outlaw foreign bribes by its own corporations and vigorously enforce the law. Wouldn't this place U.S. corporations at a severe competitive disadvantage and lead to a loss of U.S. exports and jobs? I think not for the following reasons.

"First, most of the foreign bribes revealed thus far involved American companies competing with American companies for the same business. This is certainly true in the aerospace and defense industries, where many of the bribes occurred.

"Second, there is no guarantee that bribes really work anyway. Many of them are pocketed by clever middlemen who do nothing to get the sale.

(OVER)

PROXMIRE
March 12, 1976

"Third, it is extremely difficult to keep a bribe a secret for very long, given the incentive of the press as well as other competitors to expose them. The disclosure of bribes can cost a company more in sales in the long run as many of our corporations are now discovering.

"Fourth, a tough anti-bribery law can actually help gain foreign sales for U.S. companies. Foreign governments who want to be above suspicion would have an incentive to trade with U.S. companies.

"For these reasons, I believe our commercial interests would not be damaged if U.S. corporations were forbidden to pay bribes to foreign officials. On the contrary, I believe we will gain more sales in the long run through an honest approach to international trade.

"The bill I have introduced has the following provisions:

"...It would be illegal for U.S. corporations to pay a bribe to a foreign official or candidate for political office for the purpose of obtaining business or influencing legislation;

"...U.S. corporations would be required to periodically disclose the names of all foreign sales agents and the amount of their fees or commissions;

"...U.S. corporations would be required to keep accurate books and records of all financial transactions and these would be subject to inspection by the Securities and Exchange Commission (SEC).

"...The SEC would be empowered to bring criminal actions against U.S. corporate officials who violate the anti-bribery law."

* * * * *

PROXMIRE
March 12, 1976

(2)

"Third, it is extremely difficult to keep a bribe a secret for very long, given the incentive of the press as well as other competitors to expose them. The disclosure of bribes can cost a company more in sales in the long run as many of our corporations are now discovering.

"Fourth, a tough anti-bribery law can actually help gain foreign sales for U.S. companies. Foreign governments who want to be above suspicion would have an incentive to trade with U.S. companies.

"For these reasons, I believe our commercial interests would not be damaged if U.S. corporations were forbidden to pay bribes to foreign officials. On the contrary, I believe we will gain more sales in the long run through an honest approach to international trade.

"The bill I have introduced has the following provisions:

"...It would be illegal for U.S. corporations to pay a bribe to a foreign official or candidate for political office for the purpose of obtaining business or influencing legislation;

"...U.S. corporations would be required to periodically disclose the names of all foreign sales agents and the amount of their fees or commissions;

"...U.S. corporations would be required to keep accurate books and records of all financial transactions and these would be subject to inspection by the Securities and Exchange Commission (SEC).

"...The SEC would be empowered to bring criminal actions against U.S. corporate officials who violate the anti-bribery law."

* * * * *