

GLOBAL INTEGRITY SUMMIT

Australia 2014
**THE FINAL
COMMUNIQUE**



Towards an Integrity 20

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GLOBAL INTEGRITY SUMMIT G20 TAKE HOME MESSAGE

KEY MESSAGE

Integrity lies at the core of the G20's mission and purposes

The G20 became a full leaders' meeting after the 'global financial crisis' or 'great recession'. That crisis was widely recognised at the time as being partly caused by serious failures of ethics, integrity and trust.

There are undeniable integrity dimensions to the G20 agenda items of corruption, financial regulation, infrastructure, BEPS (base erosion and profit shifting), and development.

Integrity is not an optional extra in governance of international, national, corporate or professional activities.

RECOMMENDATIONS

- 01** The GIS urges the G20 to address the integrity dimensions of the issues on its agenda – in this and future years. Integrity should be seen as a cross-cutting theme, explicitly considered under each specific agenda-item. We have sought to indicate those integrity dimensions and made suggestions for how they might be addressed in a series of Background Papers (see attached). These papers do not settle the issues but seek to stimulate and contribute to the G20's debates in this and future summits.
- 02** In many areas of G20 deliberation (including finance and infrastructure), stakeholders have a great deal of knowledge as well as strong interests in decisions taken. Their suggestions are welcome, but only when accompanied by clear statements of their own interests and the benefits they would secure from the course of action recommended. This is, itself, a matter of integrity that stakeholders should not have a problem with. In any case, disinterested and independent advice should always be sought, especially in considering the proposals of stakeholders.
- 03** The GIS urges the G20 to recognize the capacity and responsibility of existing professions, especially lawyers and accountants, to make positive contributions to governance. The development of a finance profession should be encouraged provided it follows the pattern of the above professions.
- 04** The GIS calls for future Global Integrity Summits preceding G20 leaders' meetings and the continued incorporation of an 'emerging Integrity 20' to assist in the process and work with other '20s'.
- 05** The background papers make a number of specific suggestions for the G20 including
 - a. Emphasising the importance of promoting integrity as well as combating corruption and encourage the development of integrity systems and understanding their opposite (corruption systems).
 - b. Recognising that there are integrity risks with all forms of infrastructure and task the working group to identify those risks and the means by which they may be addressed including assisting developing countries to build their negotiating capacity.

CONCEPTUAL ISSUES

Understanding integrity

Integrity can be interpreted in a number of generally mutually reinforcing ways all of which makes it irremovably applicable to the core G20 business. Integrity may be defined as the use of entrusted power for publicly justified and officially endorsed purposes. It involves institutions asking hard questions about their values, giving honest and public answers and living by those answers.

Integrity is more than the absence of corruption

Focusing on the use of entrusted power for publicly justified ends, integrity involves more than avoiding corruption, understood as the abuse of power for personal or party political ends. Integrity attends to ends as well as means, prevention as well as cure.

RECURRENT THEMES

I. Integrity requires more than just laws that are enforced

Of the issues on the G20 agenda, failures of law are often part of the problem and part of the solution. However, legislation can never be the whole answer. Ethics, economics, culture and institutional design are critical. Integrity requires independent institutions, education and cultural support, professionalism and more.

II. Challenging the bias against disclosure

Information collected at public expense belongs to the public. While there can be good reasons for not disclosing that information to those who own it (e.g. national security, privacy), those reasons need to be established. However, incentives are skewed towards silence and non-disclosure. Laws for wrongful disclosure abound, but there are few negative consequences on those who refuse to release information.

III. Collective action

Some of the issues facing the G20 involve collective action problems – particularly BEPS. Although the interests of G20 countries may diverge, there is a converging interest in securing that companies involved in multiple jurisdictions are taxed and the taxes shared. In the immediate aftermath of a crisis, consensus is easier to achieve. But implementing integrity reform and regulation is a painstaking and meticulous task, requiring commitment and vigilance over a long period. Entrenching integrity has substantial costs in time, resources and political will, but is all the more necessary.

IV. Integrity and Human Rights

Many G20 issues have human rights dimensions. As all but one of the G20 countries have signed the international human rights covenants, the human rights consequences should be recognized and acted upon – as it does in recognizing the importance of the development agenda.

V. Requiring that institutions deliver claimed benefits to the communities where they operate

Societies offer specific privileges, especially legal and financial privileges, to certain organizations and profession in order for them to fulfil socially useful functions. For example, communities offer limited liability to corporations, occupational monopolies to professional organizations, the freedom to conduct business to multinational corporations, and a monopoly on coercive power to state institutions. These entitlements must be recognized as earned privileges, not rights. Societies can and should withdraw these privileges if those enjoying them cannot use them responsibly.

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