

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

On March 31, I established the Task Force on Questionable Corporate Payments Abroad. I directed the Task Force to conduct a sweeping policy review and to recommend such additional policy steps as might be warranted.

From the initial findings of the Task Force it is clear that the questionable payments problem must be taken seriously. The number of U.S. firms implicated has been relatively small, but the pattern of improper behavior involved cannot be tolerated. It is totally inconsistent with American values. It threatens to harm our foreign relations. If allowed to continue, it could badly erode public and international confidence in American business and American institutions.

The United States is the foremost advocate of principles of fair, open and democratic political behavior and of free, honest and competitive economic behavior. We have an affirmative responsibility for leadership in efforts to advance the application of these principles.

My statement creating the Task Force noted that we have already initiated a wide range of enforcement actions and international initiatives to address the questionable payments problem. I have decided, however, that we can and must do more:

- (1) We must take additional legislative steps to improve the deterrent effect of United States law. I have therefore directed the Task Force to develop a specific legislative initiative which would require reporting and disclosure of payments by U.S.-controlled corporations made with the intent of influencing, directly or indirectly, the conduct of foreign government officials. In order that the Congress will have time to enact this legislation in this session, I have instructed the Task Force to proceed with the drafting of detailed specifications as quickly as possible.
- (2) We must assure the integrity of corporate reporting systems and the accountability of corporate officials. The Administration will therefore support legislation proposed by the Securities and Exchange Commission to make it unlawful (a) for any person to falsify any book, record or account made, or required to be made, for any accounting purpose; and (b) for any person to make a materially false or misleading statement to an accountant in connection with any examination or audit.

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- (3) We must accelerate progress toward an international agreement consistent with the principles put forward by the United States at the Second Session of the United Nations Commission on Transnational Enterprises. I will ask our major trading partners to give our proposed questionable payments agreement priority consideration.

In taking these necessary steps, I wish to emphasize that I do not mean to imply any condemnation of American business in general. To the contrary, I am confident that the overwhelming majority of American businessmen have conducted themselves as good citizens both at home and abroad. Unfortunately, American business, and Americans generally, have become the victims of the improper actions by a few and of guilt-by-association.

I have decided upon the additional actions announced today as an important way to curb spreading cynicism and to help restore confidence in basic American institutions and principles.

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