

Coyote Blog

Dispatches from a Small Business

Wal-Mart's Bribery Problems

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Walter Olson has been writing a lot about Wal-Mart and FCPA. I don't have a lot to add except my own experience working for a large corporation in third world countries.

I worked for a manufacturer of industrial equipment for years. In most countries in Europe and North America, part of our strategy was a dedicated in-house sales force that could provide a high level of technical support. But we went away from that strategy when we went into third world countries, just the place where we needed more rather than less technical support for our customers.

Why? A big reason was the FCPA. There are many countries where it is simply impossible to do business without paying bribes. Bribes are absolutely wired into the regulatory process. In Nigeria, public officials are paid less with the expectation they will make it up on bribes, similar to the way we pay waiters who get tips. The only way to legally work in these countries is to work through third party resellers and distributors and other such partners, and then tightly close your eyes to how they get things done.

What always ticks me off about these cases is the fake attitude of naivete in the press that seems to be constantly amazed that corporations might have to pay bribes to do basic things we take for granted here, like get the water turned on or have your goods put on a ship. But in fact reporters can't be this naive, as they almost certainly have to deal with many of the same things in their business. I would love to see an accounting of the grease payments the NY Times pays in a year in foreign countries.

I think most people when they hear these foreign bribery cases assume corporations were paying to get a special advantage or to escape some sort of fundamental regulation. And this is possibly the case with Wal-Mart, but more likely they were simply paying because that is what you have to do just to function at all.