



# POWER OF TRANSPARENCY

A speaker series to forge solutions to ongoing global challenges



## What is Transparency?

“As well as the rule of law, a second strategy to combat corruption is increased fiscal transparency. After all, sunshine is the best disinfectant!”

Christine Lagarde, Managing Director, International Monetary Fund

### **About Thomson Reuters**

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### **About the Atlantic Council**

The Atlantic Council is a nonpartisan organization that promotes constructive US leadership and engagement in international affairs based on the central role of the Atlantic community in meeting today’s global challenges. Founded in 1961, the Council provides an essential forum for navigating the dramatic economic and political changes defining the twenty-first century by informing and galvanizing its uniquely influential network of global leaders. Through the papers we write, the ideas we build, and the communities we convene, the Council shapes policy choices and strategies to create a more secure and prosperous world.

# INTRODUCTION

Both in emerging and advanced economies, news about corruption is a part of everyday life. Corruption comes in many forms and shapes, and often has a catalytic effect due to the ever increasing interconnectedness of our globalized world. Corruption undermines democratic institutions and public trust, impedes economic development, and impairs the US government's efforts to work with foreign counterparts. In extreme cases, it endangers US national security.

Transparency is a prerequisite for any strategy mitigating corruption. In this light, the Atlantic Council partnered with Thomson Reuters to establish the "Power of Transparency" speaker series. The six-part series featured top government leaders who work to increase transparency in their respective fields through initiatives that combat corruption and terrorism, strengthen the rule of law, expand market access, promote financial and economic stability, and advance innovation.

Transparency is an important tool for governments to establish trust with their population. However, the general perception is that governments are not transparent enough about their efforts. Through keynote remarks and in-depth, interactive sessions, the "Power of Transparency" series informed audiences about how key players in the US government and beyond are working every day to make the United States, and the world, a safer, more transparent place.

## QUICK FACTS AND OVERVIEW

### 6 events

- **Daniel Glaser**, Assistant Secretary for the Department of the Treasury of the United States for Terrorist Financing: The Role of Transparency in Fighting Corruption and Preventing Illicit Activity in Financial Systems, March 16, 2016
- **Catherine Novelli**, Under Secretary of State for Economic Growth, Energy, and the Environment at the US Department of State: The Role of Transparency and How It Can Spur Global Prosperity and Sustainable Economic Opportunity at Home and Abroad, July 20, 2016
- **Marcel Lettre**, Under Secretary of Defense for Intelligence at the Department of Defense: The Role of Transparency in Strengthening National Intelligence, September 13, 2016
- **Robert Cardillo**, Director, National Geospatial Intelligence Agency: The Power of Transparency in Advancing Geospatial-Intelligence, January 13, 2017
- **Richard Berner**, Director, Office of Financial Research: Big to Fail? The Power of Transparency in Preventing Future Financial Crises, January 25, 2017
- **Christine Lagarde**, Managing Director, International Monetary Fund: The Power of Transparency to Increase Economic Resilience, February 8, 2017



**MARCH 16, 2016**

## The Role of Transparency in Fighting Corruption and Preventing Illicit Activity in Financial Systems



“Financial transparency, at a basic level, means having timely, meaningful, and reliable information about the parties to transactions and assets. We achieve this through preventive measures on the front end, as well as effective monitoring and reporting on the back end.”

**Daniel Glaser, March 16, 2016**

On March 16, 2016, the Atlantic Council and Thomson Reuters began its “Power of Transparency” speaker series with an event featuring Assistant Secretary for Terrorist Financing Daniel Glaser, to discuss the role of transparency in fighting corruption and preventing illicit activity in financial systems. Dawn Scalici, Government Global Business Director at Thomson Reuters set the stage for the discussion with Assistant Secretary Glaser, moderated by Reynolds Holding, BreakingViews editor at Reuters.

Transparency is a fundamental element to fulfilling the Treasury Department’s mission of maintaining a strong economy and creating economic and job opportunities. Further, transparency strengthens national security and protects the integrity of the financial system. Controlling corruption is possible only when government, citizens, and the private sector cooperate to ensure transparency.

### Key Takeaways

- Corruption harms the global community for a wide range of reasons: it stifles economic development, impairs democratic institutions, erodes public trust, and weakens international cooperation. Moreover, corruption creates space for criminals to flourish and abuse the financial system—threatening local, regional, global, and US national security.
- Addressing financial transparency is not just a US responsibility. It is a global responsibility. The international financial system is integrated, leaving us only as strong as our weakest link.
- The key to making money laundering more difficult, is by focusing on strengthening financial transparency—particularly through effective implementation of measures regarding anti-money laundering and countering the financing of terrorism, known as AML/CFT.
- Financial transparency itself has a strong deterrent effect on criminals, keeping their money out of the financial system to begin with.
- One key measure underpinning financial transparency is effective customer due diligence.

## Conclusion

To further improve the domestic system, the US Treasury Department is developing a rule to clarify and strengthen financial institutions' customer due diligence (CDD) obligations. Financial transparency goes beyond the role of financial institutions alone. That is why the US Treasury Department also focuses on improving the transparency of companies themselves.

Globally, countries must do more to effectively implement laws and work through the G-20 and the G-7 to advance financial transparency. Furthermore, countries around the world need to establish and implement AMF/CFT regimes to create environments that are hostile to all forms of financial crime including corruption.

“Addressing financial transparency is not just a US responsibility. It is a global responsibility. The international financial system is integrated, leaving us only as strong as our weakest link.”

**Daniel Glaser, March 16, 2016**

**JULY 20, 2016**

## The Role of Transparency and How It Can Spur Global Prosperity and Sustainable Economic Opportunity at Home and Abroad



“Transparency is...the cornerstone of sustainable economic growth, and creates the best possible condition for entrepreneurs to create new innovative industries.”

**Catherine Novelli, July 20, 2016**

On July 20, 2016, Catherine Novelli, Under Secretary of State for Economic Growth, Energy, and the Environment at the US Department of State, joined the Atlantic Council and Thomson Reuters to discuss transparency and economic growth. Brian Peccarelli, President, Tax and Accounting at Thomson Reuters set the stage for the discussion with Under Secretary Novelli.

Under Secretary Novelli outlined three types of transparency: fiscal, bureaucratic, and stakeholder. Fiscal transparency is making data on government revenue and spending available to the public. Bureaucratic transparency is ensuring that regulations are clear, accessible, and consistently applied. Stakeholder transparency is the process of consulting with stakeholders when crafting regulations. Following her remarks, John Walcott, Foreign Policy and National Security Editor at Reuters News, moderated a discussion.

### Key Takeaways

- The State Department’s minimum transparency standards reflect the completeness, reliability, and availability of budget documents and the transparency behind natural resource extraction and licensing. These standards are not static each year; they may be updated and strengthened.
- Transparency has concrete economic benefits. The World Bank notes a correlation between government accountability and the ease of doing business. Businesses, both domestic and foreign, are more likely to succeed in a system with clear, transparent, and predictable rules.
- To promote transparency, the US State Department is helping countries develop online business registration portals. Additionally, they have created business information databases to allow US business to have access to data on foreign business opportunities. The State Department also promotes transparency in extractive sectors through the Extractive Industry Transparency Initiative in partnership with industry and civil society to publish information on government management of these sectors.

- Open access to large government datasets can create opportunities for economic growth. GPS data, when made available to the public, created a \$100 billion industry in the United States that employs 3.3 million people.

## **Conclusion**

Economies are ultimately based on trust, and transparency fosters trust in both domestic and foreign markets. Transparency increases the reliability of financial and regulatory information. This in turn boosts investor confidence and knowledge. The increase in reliability and flow of information will allow business and government leaders to be more effective when faced with crises.

“Transparency is...the cornerstone of sustainable economic growth, and creates the best possible condition for entrepreneurs to create new innovative industries.”

**Catherine Novelli, July 20, 2016**

**SEPTEMBER 13, 2016**

## The Role of Transparency in Strengthening National Intelligence



“The landscape of our society, our government, and our technological tools have changed in [the] fifteen years since 9/11, and with those changes are expectations for transparency into the operations and performance of our government, including intelligence.”

**Marcel Lettre, September 13, 2016**

On September 13, 2016, the Atlantic Council and Thomson Reuters hosted the Honorable Marcel Lettre, Under Secretary of Defense for Intelligence at the Department of Defense who talked about how transparency has transformed the intelligence community since 9/11.

As part of this effort to create greater transparency, documents were released related to the 2011 US Special Operations forces raid that resulted in the death of al-Qaeda leader Osama bin Laden in Pakistan. Additionally, the intelligence community is “declassifying and publishing intelligence documents—over the past three years, more than 5,000 pages—to help the public understand our operating framework,” said Lettre.

Timothy P. Murphy, President of Thomson Reuters Special Services, set the stage for a discussion with Undersecretary Lettre, moderated by Reuters Foreign Affairs and National Security Editor John Walcott.

### Key Takeaways

- There are two types of transparency: Transparency into intelligence and transparency within intelligence.
- Transparency into intelligence refers to the intelligence community’s more recent efforts of informing the public of their activities. These efforts are a response to the change in public expectations for transparency of operations in recent years, sparked by innovation in technology and the availability of information through mass media.
- Transparency within intelligence can be attributed to both the improved integration among the various sections of the intelligence community to drive national security operations as well as the establishment of public/private relationships to accomplish missions.

- A fine balance must be struck between transparency and intelligence to build trust with the American people. Hence it is important to make information publicly available in a manner that enhances public understanding of intelligence activities, while continuing to protect information when disclosure would harm national security.
- Pre-9/11, there was little cohesion between the various parts of the intelligence community.
- Intelligence is essential for the military to make appropriate and informed decisions and support their ability to deter adversaries.
- Supporting humanitarian relief efforts and safety of maritime and air navigation through capitalizing on open source data is evidence that public/private relationships benefit the intelligence community.

## Conclusion

9/11 sparked many reforms that drove integrated efforts across the seventeen agencies of the US intelligence community. These changes now allow intelligence agencies to more efficiently cope with modern terror threats. The Department of Defense's ability to adapt to future technological, organizational, and cultural changes will be decisive for the defense of the nation. In this light, the department will continue to operate with transparency, "openness to new ideas, new technologies, and new approaches."

"Over the last several years...the intelligence community has been taking steps to be both more proactive and more transparent as we work to help the American public understand what it is we do and why it is important."

**Marcel Lettre, September 13, 2016**

**JANUARY 13, 2017**

## The Power of Transparency in Advancing Geospatial Intelligence



“It isn’t just about a picture and a map. What’s really important is how you can combine the information to create coherence across disparate-and sometimes contradicting- sources of information to help people think through a problem to make better decisions.”

**Robert Cardillo, January 13, 2017**

On January 13, 2017, the Atlantic Council and Thomson Reuters hosted the Hon. Robert Cardillo, Director of the National Geospatial-Intelligence Agency (NGA), to talk about the relationship between technological advancements and transparency within the geospatial intelligence community.

Mr. Stephen Rubley, Managing Director of the Government Segment for Thomson Reuters Legal set the stage for the discussion, moderated by Mr. John Walcott, the Foreign Affairs and National Security Editor at Reuters News.

Director Cardillo highlighted the wide range of uses for geospatial intelligence, the evolution of the geospatial intelligence field over the past thirty years, and the consequences of advances in technology for the future. Covering the past, present, and future of geospatial intelligence, Director Cardillo explained what transparency means to the federal government, private sector, and individuals.

### Key Takeaways

- Though the NGA has operated as a government combat support and intelligence agency for only the past two decades, geospatial intelligence as a field has existed in numerous forms for centuries.
- There are a myriad of fields in which geospatial intelligence can be applied, from assisting in humanitarian relief efforts after natural disasters to supplementing security for major events (including the 2017 presidential inauguration).
- Geospatial intelligence allows for the daily imaging of the planet, which provides governments and the private sector the ability to closely monitor topics of interest. However, as a geospatial

intelligence agency of the United States government, the NGA conforms to strict regulations on the domestic use of intelligence assets.

- It is important that providers of geospatial intelligence are prepared to engage with the public and openly discuss the accuracy of various intelligence sources especially in the presence of conflicting information.

## **Conclusion**

Though there is a strong emphasis on secrecy within the geospatial intelligence community, geospatial intelligence presents a unique opportunity to engage with the greater public through the application of new technologies.

“Data on your desk or on your computer or in your head is interesting but not very useful unless you find a way to share it with your customer so that they will use it.”

**Robert Cardillo, January 13, 2017**

**JANUARY 25, 2017**

## Too Big to Fail? The Power of Transparency in Preventing Future Financial Crises



“Good data are essential for making good policy decisions and for managing financial risks. High quality data result in transparency so all users can understand what the data represent.”

**Richard Berner, January 25, 2017**

On January 25, 2017, Thomson Reuters and the Atlantic Council hosted Dr. Richard Berner, Director of the Office of Financial Research (OFR) at the US Department of the Treasury. Director Berner talked about the OFR’s efforts to improve the quality, scope, and accessibility of financial data as key tenets of the OFR’s greater mission to increase transparency in the financial system.

Mr. Tim Baker, Global Head of Content Strategy and Innovation at Thomson Reuters, provided introductory remarks highlighting the objectives of the OFR’s work in “shining a light in the dark corners of the financial system” through compiling, standardizing, and analyzing financial data with the goal of distinguishing financial risks. The discussion was moderated by Ms. Gina Chon, Washington columnist for Reuters Breakingviews.

### Key Takeaways

- It is the goal of the OFR to “exercise the power of transparency in the financial system.”
- The role of the OFR is to create financial transparency through the promotion of “financial stability by delivering high-quality financial data and analysis for the benefit of policymakers.” The transparency provided by the work of the OFR contributes in assuring the widespread availability of financial information and efficient markets.
- The financial system is much safer and more stable now than before the 2007-2009 financial crisis, though there is still much more work to be done.
- Major improvements in capital requirements, liquidity rules, and financial regulation, as well as stress tests now ensure a more durable financial system.
- The OFR’s efforts to increase the quality, scope, and accessibility of financial data can be characterized as a “three-legged stool.”

## Conclusion

Though there has recently been a change in presidential administrations, Director Berner is confident that the mission of the OFR, the provision of a strong financial system through transparency in financial information, will remain the same.

“We shine a light into the dark corners of our financial system. In other words, we exercise the power of transparency. Transparency enables understanding. It helps reveal what we did not know.”

**Richard Berner, January 25, 2017**

**FEBRUARY 8, 2017**

## The Power of Transparency to Increase Economic Resilience



“What is good for our 189 member countries is good for the IMF itself. Transparency allows us to contribute to the public debate; it allows the public to scrutinize our work; and it increases our accountability.”

**Christine Lagarde, February 8, 2017**

On February 8, 2017, Managing Director of the International Monetary Fund Christine Lagarde delivered remarks at the sixth and final installment of the Power of Transparency Series hosted by the Atlantic Council and Thomson Reuters.

Mona Vernon, Vice President of Innovation Labs at Thomson Reuters set the stage for the discussion with Madame Lagarde moderated by Axel Threlfall, Editor-at-Large at Reuters News.

### Key Takeaways

- What happens in one economy, in one financial system, matters to many other economies in this hyper-connected world.
- The IMF could not do its job without the power of transparency. The IMF harnesses that power playing various roles, for the benefit of our global membership.
  - The trusted adviser to governments who often share market-sensitive information with us.
  - The global watchdog who raises red flags and encourages information sharing and collaboration.
  - The fitness coach who provides hands-on technical assistance and training.
  - The firefighter who provides financial assistance in times of need—so economies can get back on their feet and provide better prospects for their citizens.
- The IMF has learned lessons from its secretive behavior at the time of the Asian financial crisis in the 1990s and has taken steps toward becoming more transparent, including publishing reports that are available to the public at no cost and embracing social media.
- New IMF staff research shows that greater data transparency—promoted through the IMF data standard initiatives—leads to a 15 percent reduction in the spreads on emerging market sovereign bonds—three months after the improvements are made.

- IMF staff research also shows that, during crises, capital flight is greater in the least transparent countries, which underlines the benefits for financial stability that transparency can bring.
- In pursuing this transparency, this also means engaging with the broadest possible audience, including parliamentarians, labor unions, business owners, students, policy experts, “non-experts,” and—of course—think tanks.

## **Conclusion**

The IMF plays many roles on the international field, and every single one of them relies on the sharing of information, ideas and solutions. Whether providing technical analysis to an emerging economy or allocating emergency funding for a struggling one, the IMF cannot function without transparency. A new challenge the IMF is currently facing is combatting the rise of populism. Madame Lagarde believes that uniting countries around common goals such as job growth, equality, and stability is the best way to preserve the current world order.

“We have decided to go out, reach out and actually be accountable to members of parliament, to business owners, to students and to women’s associations.”

**Christine Lagarde, February 8, 2017**

