

## Corner Office: Ingrid W. Reed

*Businesses must demand government ethics reform*

By

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Businesses in New Jersey have every right to be concerned about corruption and the ethical lapses among our public officials — as concerned as individual citizens are. Unfortunately, both groups find their confidence and trust in all public officials undermined even when most officials are faithful to their responsibilities and deserve support. Both businesses and individuals also worry about the cost of corruption, and how New Jersey's reputation as a corrupt state affects their economic potential and their property values.

However, I believe businesses have unique reasons to pay attention and contribute to a new ethical culture. The first relates to the fact that businesses say they count on knowing the rules of the "game" — the government regulations, the process for complying with them, the reliability of the time frame in which they operate. The clear delineation of ethics codes in the public sector, and assuring compliance, is critical to knowing and trusting these rules.

The second relates to what businesses can contribute to the public-sector discussion because of their own experiences with ensuring ethical behavior and fostering it in their own firms — often after corrupt practices have been uncovered and prosecuted. Every profession has codes to govern those engaged in it — lawyers, doctors, accountants, journalists — that should be a resource for government to engage energetically in preventing corrupt practices, not just prosecuting them. If you read annual reports, and I must admit that I have seen only a few, they typically include a section, usually near the front, about the corporation's strategies for ensuring their employees know the corporate ethics code, and how it is made relevant in everyday practice.

It is not only businesses that address ethics in practical ways. Nonprofit organizations, too, are required to have a conflict of interest policy, and survey their board members for their affiliations and ascertain if there are potential conflicts.

Now is the time for businesses to convey their expectations for government's attention to promoting ethical practices in a segment of New Jersey government — municipal, county, county colleges and local authorities — that has yet to achieve modern management of this critical area.

In the last five years, ethics administration in the state's executive branch has been reformed in good part due to the expertise and creativity of a special counsel (Seton Hall law professor **Paula Francese** and the late Supreme Court Justice **Daniel O'Hern**) appointed by then-Gov. **Richard J. Codey**. The result is that today there is a well-staffed State Ethics Commission with a three-part strategy: a plain-language guide to the ethics code with examples and required training, a compliance program with appropriate penalties overseen by a board with a majority of public members, and easy public access to the commission through a Web site and free telephone number for inquires. At the same time, the legislative branch also has incorporated similar elements into its ethics administration over the past few years.

The challenge ahead is to bring a similar reform to local government, the scene of many of the recent charges of corrupt practices. At this level, which includes literally thousands of individuals and probably a thousand jurisdictions, there is no up-to-date ethics code (except in the legal language of the statute), and no training. The compliance relies on an understaffed system through the state's Local Finance Board with penalties, according to the special counsel's report, that need revision to be comparable to other branches. The public's ability to ask questions and make complaints is a daunting experience, both at the local and state level.

The recently appointed governor's Local Government Ethics Task Force is designed to bring long-overdue attention to how to remedy the existing shortcomings in ethics administration at that level. In its 10-month time frame for achieving some practical and effective approaches to ethical practices in local government, the task force needs the business community to press for action because the reforms will benefit them and the state. It also needs to learn from those in the business community who have grappled successfully with promoting ethical behavior.

The private sector can clearly contribute more than simply pointing out the public sector has ethics problems.

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