Clientelism, Rent-seeking and Protection: A study of corruption in Iraq after 2003

Sarwar Mohammed Abdullah

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School of Geography, Politics and Sociology

Newcastle University

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Abstract

This thesis examines corruption in post-2003 Iraq. As an oil-rich country with a factionalised political system based on sectarian appointments along ethnic and religious lines, Iraq is an interesting case for studying corruption. The core argument of this thesis is not about whether corruption exists in Iraq, but about the nature and forms it takes and why. The central claim is that corruption in Iraq takes three forms: clientelism, rent-seeking and corruption protection. Clientelism centres on the trading of state funds by multiple parties in return for political support or 'buy affiliation and buy vote'. Rent-seeking is corrupt if it arises from an artificial monopolistic situation. Corruption protection is action to counter a primary form of corruption - i.e. clientelism or rent-seeking- and to prevent perpetrators from being brought to justice. Two factors make corruption distinctive in Iraq. The first factor is that these three forms of corruption may or may not be illegal, but I argue against regarding the law as a standard for defining corruption, because otherwise, some forms and ways of practising corruption could be deemed corrupt in one legal system but not corrupt in another. The reason why these three forms of corruption are labelled as corruption is because they are practised to promote mutual benefit between two parties, thereby subverting the public interest for sectional interest. In other words, people who are involved in such forms of corruption gain a mutual benefit which is private, and this means privatising the public interest by a particular segment of the community. The second factor follows on from the first, in that corruption has a political rather than a legal foundation, based on the sectarian and partisan line appointments *muhasassa* political system which is not necessarily illegal, but is a politically damaging (undemocratic) political process which is against the public interest. Over 100 years ago, Brooks (1909) argued that corruption is intentional action, and I agree that privatising the public interest by particular segments of the population subverting the public interest is definitely intentional action. My view, therefore, is that corruption in Iraq has only one condition -intentional action for sectional interests- and that the issue of legality/illegality is not relevant to the definition of corruption. The study uses data from key informant interviews and focus groups that were carried out during 2014-2015 in Iraq. The thesis concludes that the three forms of corruption that have plagued Iraq cannot be easily eliminated, because reconciliation between the different groups in power is needed to make institutions for anti-corruption work, and that would require a process of democratisation which is unlikely to take place in the near future.

Dedication

I dedicate this thesis to those who consistently work to improve transparency around the world. And this thesis is also dedicated to those who are still paying great sacrifices for uncovering information related to many corrupt deals behind closed doors.

Acknowledgment

List of Abbreviations

COI   Commission of Integrity

CPA   Coalition Provisional Authority

CPI   Corruption Perception Index

DFI   Development Fund of Iraq

EFCC   Economic and Financial Crime Commission

EIA   Energy Information Agency

EITI   Extract Industry Transparency Initiatives

FBSA   Federal Board of Supreme Audit

FGD   Focus Group Discussion

GCB   Global Corruption Barometer

GDs   General Directors

IAMB   Advisory and Monitoring Board

IC   Integrity Commission

IOB   International Oil Bursaries

IOCs   International Oil Companies

IGC   Iraqi Governing Council

IGs   General Inspectors

KDP   Kurdistan Democratic party

KIG   Kurdistan Islamic Group

KOTO	Kurdistan Oil Trust Organisation
KIs	Key Informants
KIU	Kurdistan Islamic Union
KRG	Kurdistan Regional Government
MBD	million barrels per day
MHE	Ministry of Higher Education
MNR	Ministry of Natural Resources
NGO	Non-Governmental Organisation
PDK	Party Democratic- Kurdistan
PUK	Patriotic Union- Kurdistan
RFFG	Reserve Fund for Future Generations
SF	Stabilisation Fund
SIGRI	Special Inspector General for Reconstruction-Iraq
SOMO	State Oil Marketing Organisation-Iraq
SPF	State Petroleum Fund
STF	Sovereign Trust Fund
TI	Transparency International
UNSC	United National Security Council
WB	World Bank
WGI	World Governance Indicator

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Chapter 1   Introduction

"Corruption has become a second insurgence for Iraq". Stuart Bowne the
former Head of Inspector General for Reconstruction of Iraq after 2003.
(Bowne, interview with BBC News Middle East, 2006).

1.1   Introduction

In 2003, the US-led coalition invaded Iraq resulting in the overthrow of Saddam Hussein and introducing a new dynamic of power, influence and policymaking. By May 2003, Hussein was no longer the President of Iraq and the Sunni elites were no longer at the helm of the Iraqi government. The Coalition Provisional Authority (CPA) took power in Iraq, and a new political system emerged from one based on rule by one political party (Ba'ath Party) or family to one that combined all Iraqi factions through the appointment of the Iraqi Governing Council (IGC) from leaders of different backgrounds[1]. Since then, successive governments in Iraq have been established along sectarian lines. The CPA was well aware that the country faced problems of corruption, and an initiative was made to establish counter-corruption institutions such as the Commission of Integrity, and offices of the Inspector General in each ministry. Also, the US administration established an office in Iraq called the Inspector General for Reconstruction of Iraq (IGRI), headed by Stuart Bowne, which was designed to prevent corruption undermining the efforts of reconstruction. However, despite these precautionary measures, while physical insecurity remained the main problem in Iraq, all Iraqi and non-Iraqis institutions of anti-corruption bodies including Stuart Bowne' office reported that Iraq's second main problem had become corruption[2]. Indeed, Bowne described corruption as Iraq's 'second insurgency', because it costs the country not millions but billions of dollars, and corruption in Iraq quickly became a frontline story in newspapers and public debate.

The main aim of this introductory chapter is to explain why it is worthwhile to study corruption in Iraq - i.e., what factors make Iraq an interesting case for studying corruption. In doing so, the chapter contains five sections: the rationale of the study; the main research questions; the importance of the issue; the chapter outlines; and a conclusion. To establish the rationale of this study, this section reviews corruption in modern Iraqi history before and after

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[1] The 25 members of the council reflect sectarian and ethnic differences. The Shia have 13 representatives, the Sunni five and the Kurds five, while there is also one Turkoman and one Assyrian
[2] While the first problem after 2003 is insecurity.

2003. The purpose here is to establish the foundation for the argument that Iraq has a history of corruption perpetrated by rulers, who used the huge rents garnered from massive oil resources, for both self-enrichment and the building of strong patronage systems within the state. In addition to this, the section analyses the new form of government in Iraq after 2003, and the corruption that centered on the role of the system of sectarian quotas for administrative control. This system empowered elites from former Iraqi opposition groups in the three main components of Shia, Sunni, and Kurds, to engage in running the state despite their lack of experience in government. The second section includes the research questions; the aims and objectives of carrying out this study; and its scope. The third section highlights the importance of the study of corruption; explains what makes this study different from other studies; and discusses whether Iraq is unique in comparison with other cases. The fourth section provides an outline of the succeeding chapters, and the fifth section concludes the chapter with a short summary of its contents.

1.2   The rationale of the study:

This section explains the point of this study. In doing so, this section addresses three main areas. First, we need to know what is called Iraq. Second we have to establish whether corruption is a new phenomenon or as old as Iraq itself. Third, we have to indicate dissatisfaction with the current state of knowledge on the subject.

1.2.1 What is called Iraq?

Historically, Iraq was a place called Mesopotamia, and what became modern Iraq emerged from the First World War, after the collapse of the Ottoman Empire, from the integration of the three provinces –*Wilayah, or* Basra in the far south, Baghdad in the middle and Mosul in the north. There was no state called Iraq in the Middle East until 1921, when it was created by the British[3]. The British imposed a Western-style constitution, with an impressive array of institutions: a monarchy, a parliament, a bureaucracy and an army. It is important to bear in mind that the composition of Iraqi society historically has been 53-60% Shia, 20% Sunni,

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[3] Gertrude Bell was a political officer who was the best known for helping to establish modern Iraq after World War I. She was born on July 14, 1868 in Durham in North East England. She studied history at Oxford University, and was an archaeologist well as a writer and traveller. She was fluent in Persian and Arabic. She died in Baghdad on July, 12, 1926. For more detail about Gertrude see: http://www.gerty.ncl.ac.uk/ and http://www.biography.com/people/gertrude-bell-21149695#later-life (accessed: 12 may 2016).

with both components being Arab speakers[4], and Kurds[5] (Kurdish speaking) comprising 18-20% (Helms, 1984)[6]. The remainder are non-Muslim small minorities such as Turkmen, Christian, Yazidi and Jewish. These three main components of Iraqi society are geographically divided in Iraq: the Shia, which constitutes the majority, is located in the southern provinces; the Sunni is located in the middle of Iraq, and both Shia and Sunni are

[4]. Unlike other ethnic and cultural identities such as Kurds or Arabs, Shia and Sunni cannot be classified as political or cultural groups, but as doctrinal groups. This is because, as Nakash, Y. (2003) points out, Shia and Sunni belong to the same tribal background. The divide in the doctrinal religions of Sunni and Shia dates back to the 7th century when the Prophet Mohammed died. Following the death of the Prophet, a political dispute emerged regarding a suitable leader. One group favoured the leadership passing to the prophet's family, in particular Imam Ali Abu-Talib, who was Mohammed's first cousin and son-in-law (Cole, 2006). Another group favoured a consultation process (*Shura*), following which a caliph would be appointed by selection from among a group of noble leaders. From this time, people who supported Ali were known as Shia, and they believed that Ali had a close and blood relation with the prophet (Kelidar, 1979). Therefore, Ali was only from the immediate family of the prophet's line and could rightfully become caliph. However, after counselling (Shura) among the Islamic leadership, the first caliph, Abu Bakr, was chosen, and he was followed by Umar and Othman, and finally Ali was the fourth. The supporters of Ali were named later 'Shia' or *Shia at Ali*, meaning supporters or helpers of Ali. Other groups were excluded from the legitimate transfer of power based on the bloodline of the prophet's family. This latter group now comprises the majority of Muslims in the world, namely the Sunni, which means followers of Mohammed's customs or '*Ahl al Sunna*' . After the death of Ali, conflict again arose between Muslims on who would become caliph. Power was passed to Muawiayah Ibn Sufyan and the Islamic state capital was transferred from Mecca (now in Saudi Arabia) to Damascus (now the capital of Syria). However, the Shia group stood against the chosen Muawiayah becoming caliph due to his earlier opposition to the prophet. Instead, the Shia preferred the sons of Ali's and Fatima (prophet's daughter), Hassan and Hussein. After the death of Muawiayah, his son Yazid Ibn Muawiayah came to power. The Shia in Kufa (a city in the south of Iraq which is now completely Shia) sent a message to Hussein to stand against Yazid and to transfer the caliphate to the House of Mohammed (*Ahl -Al bit*). Hussein and his small followers went from Mecca towards Karbala (a city in the south of Iraq which is now completely Shia). Yazid sent a force after Hussein and his followers, and they were intercepted around Karbala and Hussein was killed in battle. Yazid's (the Sunni caliph) act was condemned by most of the people in southern Iraq as immoral and far from the basic principles of Islam. After the murder of Hussein at Karbala, it came to be considered the birthplace of Shi'ism. As a result, the overwhelming majority of Muslims in the south of Iraq converted to Shi'ism, and cities such as Karbala and Najaf became sacred to the Shia religion. However, Shia followers believe that their initial exclusion from power was rooted in the long history following the death of the prophet, and that deprivation and oppression have come to be a feature of Shia life. Moreover, the exclusion of Hussein from being caliph after his father Ali, and the domination of the Sunni caliph, became a feature of the political life of the Islamic world. The Shia politicised the case and were politically motived to gain access to power and influence in the countries in which they exist, including Iraq. On the other hand, the Sunni have become associated with institutionalised power: for example, Baghdad became the capital of the Abbasid Caliphs in what is modern day Iraq. The central organ of power in Iraq has been controlled for centuries by Sunni for at least 1,500 years (see for more detail e.g. Anderson, and Stansfield, 2005).

[5] Another group with a distinct cultural background in Iraq is the Kurds, who are an ancient Indo-European people with their own language (though there are different dialects of Kurdish) concentrated in the north of Iraq. Although they suffered from repression under the former Iraqi political leaders, in particular Saddam Hussein, they now enjoy partial independence from Iraq and have been protected by the US and the UK since 1991. In terms of their affiliation to Islam, the overwhelming majority of Kurds are Sunni, but there are some Shia Kurds, such as Faili Kurds (Anderson, L. and Stansfield, G., 2005). Although there are a number of Islamic Kurdish parties, the Kurdish identity is dominated by secular nationalism, with independence from Iraq being the ambition of the vast majority of Kurds in Iraq.

[6] The statistics are so old for two reasons; first Iraq does not have recent census, the only census available as a dependable census was carried out in 1957. Second, recently, many statistics have been used for political purpose during the last decade. So, I used old references here.

Arab speakers; and the Kurds, which have their own language and cultural background in Iraq, are located in the north of the country. Currently, the Kurds from the Kurdistan Region of Iraq KRG, comprising three provinces Suliamanyah, Erbil and Duhok, where the Kurds have had enjoyed some degree of autonomy since 1991. After 2003, in the Iraqi constitution 2005, the Kurdistan region was recognised as an integral part of the Iraqi federal state. Alongside this geographical division, there are some provinces in Iraq that have mixed populations, either between Shia and Sunni or Kurds and Arabs (Shai and Sunni), or Turkoman and Yazidi, which shows how Iraqi society is deeply divided across ethnic and religious lines. This is illustrated by the map in Figure1.1.

Figure 1.1 shows the distribution of the ethno-religious groups in Iraq
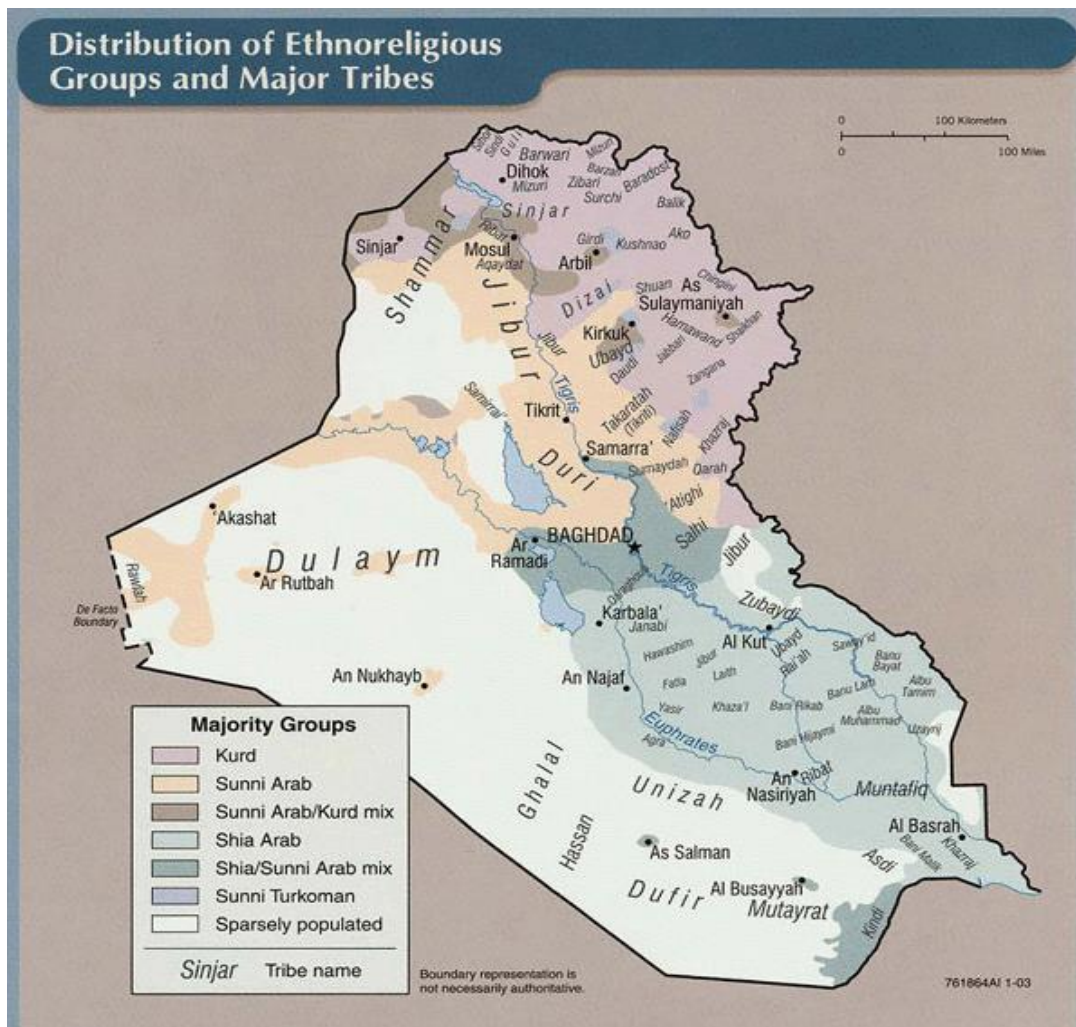
"Source: "Detailed Ethnic and Religious Map of Iraq, this was taken from
http://usiraq.procon.org/view.answers.php?questionID=000916

1.2.2 Image of corruption before 2003

Iraq, historically called Mesopotamia, has a long record of corruption. In Mesopotamia, references show evidence of bribery, inequality, injustice, wrongdoing, and oppression (Kramer, 1963: 79-81). Documents dating back to the third millennium BC show that the Royal Court at that time was considering issues of corruption, such as influence peddling, abuse of public office, acceptance of bribes, and denial of justice; some corrupt acts were punished by the death penalty (Al-Kazi,1973:100). Hammurabi, king of Babylon, issued the Code of Hammurabi[7] (the first legal code known in history) in the city of Babylon in Mesopotamia in 1790 BC, and it contained the crime of bribery (see for e.g. Prince, 1904) (see also: Al-Alusi, 2015: pp. 36-38).

In 1921, the British established Iraq with a monarchy headed by the man who was to found the Hashimite dynasty (King Faisal), who was born in Mecca, Saudi Arabia, in 1883; his family traces its lineage back to the Prophet (Marr, 1985: 29-51). The new government was led by a small Sunni minority. Despite the existence of a parliament, the political system was a form of 'oriental despotism', the elites constituting a mixture of military dominance and commercial interest (Le Billon, 2005: 690).

A military coup in Iraq in 1958 marked a critical turning point in political life, in that after 1958, an Iraqi republic was declared, and the monarchy was abolished. This coup brought to power a personification of Iraqi ethno-religious diversity, in the form of Abdul-Karim Qasim, whose father was Sunni and whose mother was Kurdish Shia. Hence, Qasim could be considered a true demographic representative of Iraqi ethno-religious diversity (Anderson and Stansfield, 2005: 31). Qasim created for the first time a balance between different diversities in Iraq. For instance, he made a 'Council of Sovereignty' and brought in three Sunni, Shia and Kurdish men to equally represent groups on the council (Marr, 1985: 158). Under Qasim, for the first time, political power was not dominated by a particular group such as the Sunni, but shared among the three major factions[8]. Nevertheless, Qasim was successful in consolidating his military rule, not least because his first act was to reshape the institutions of

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[7] It includes 282 Articles, addressing most of the issues of legitimacy and social relationships such as marriage, divorce, adoption, guardianship, transactions and sales, property, agriculture, deposits, penalties for crimes of assault on the people and on the slave (Al-Alusi, 2015:36-38).

[8] The term faction and political party have been used in Iraq after 2003. Faction means one group within the sect of religion; political party means a group who organised itself as a party like many other countries. Iraqi's used both terms, so for the purpose of this research I will also use both terms. But still there may be not clear distinguish between them because both factions/parties are participated in the political process.

public service including the armed forces, replacing persons whose loyalty to the new regime might be suspect (Farouk-Sluglett and Sluglett, 2001: 50). Also, the most important powers in the government were reserved for Qasim personally; he was prime minister, defence minister and commander-in-chief, while his deputy, Abdul Salam Arif, was deputy prime minister, interior minister, and deputy commander-in-chief (Marr, 1985: 158).

In both periods -monarchy and republic- there were many examples of good governance, though there was still corruption, mainly arising out of the fact of monopoly position for some prominent political and military leaders. However, endemic and systematic corruption begins after Saddam's entry into power.

1.2.3 *Image of corruption under Saddam Hussein*

Corruption was no stranger to Iraq before 2003, there were many dimensions of corruption, the most important of which was directing state funds for the benefit of the Baath party and a few of Saddam's inner circle. Saddam used the power of the government to institute a system of state socialism. Indeed, he began to think about nationalisation of the entire private sector in Iraq, beginning with the oil sector. The Iraqi oil sector had been given to international companies by concession agreements[9] during the 1930s, by which the companies obtained exclusive rights to develop and export the Iraqi oil, and the government only received a fixed sum of tax per unit of export (Alnasrawi, 1994: 2). In the 1970s, according to al-Janabi (2013:12-16), Saddam established a secret committee called the 'Committee on Oil Affairs and Implementation of Agreements', through which he controlled the oil sector. In 1971, Saddam formed another secret committee through which he controlled negotiations with international oil companies (IOCs). Then, in 1972, Saddam declared the nationalisation of oil.

After the nationalising of the oil sector in Iraq, by 1979, Iraq was ranked as the second largest oil producer in OPEC behind Saudi Arabia, reaching 3.4 million barrels per day (MBD). One estimate claims that oil revenue in Iraq increased from US$1billion in 1970 to US$26 billion in 1980 (Alnasrawi, 2001: 206). Taking advantage of this situation, when the oil price rose

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[9]The concession of exploration and production of petroleum was given to the Turkish Petroleum Company for seventy-five years and later named Iraq Petroleum Company (IPC). Two more affiliated companies joined IPC. First was the Mosul Petroleum Company (MPC), which was awarded a concession for seventy-five years in 1938; and the Basra Petroleum Company (BPC), which was also awarded a seventy-five years of concession in 1938. Four further companies were subsequently granted concessions: British Petroleum (BP), Shell Petroleum (Shell), Compagnie Francaise des Peroles(CFP), and the Near Eastern Development Corporation which was owned by Standard Oil of New Jersey (Exxon and Mobil) (al-nasrawi, A.1994: 2-3). The remaining 5% went to the Iraqi Participation and Exploration Company.

from US$3 to US$11 then to US$30 in 1979-1980, Iraq obtained huge increases in rents from its oil, enabling Saddam to direct this massive oil money in two ways; economically, the Baath party started to buy legitimacy, like other states in the region or as the case in many socialist countries, by using state funds to promote economic development. The state engaged in major economic projects and building infrastructure such as houses, bridges, universities and hospitals. All these economic projects had a positive impact on Iraqi economic development. Baath rulers thus gained their legitimacy not from democratic elections (there was no parliamentary election until the 1980s) but from its economic success. The party pretended to enjoy large political support from the population, but in reality its support rested on its welfare policies (Al-Ali, 2014 and Tripp, 2001). State funds were directed to fighting unemployment by putting as many people as possible in low bureaucratic jobs. In addition to this, the Baath party created a rationing system that provided food for the majority of the population. The Baath party calculated that people were willing to accept the status quo and give up their freedom in return for opportunities for good employment and state benefits. Through this policy the Baath party atomised the society and made individuals dependent upon the state for finding jobs and through the rationing system thousands of people depended upon the state for their own survival.

Economic growth averaged 14% during the 1970s, and Iraqi GDP increased to US$6151 GDP per capita in 1980 (Le Billon, 2005: 691). Also, there was much larger investment in public services, improving education and health standards. Data from the World Bank (see Table 1.1) shows that since 1980, Iraq was seen a model of progressive counrty in the Middle East among its neighbours (Barakat, 2005: 574). For example, the rate of enrolment in secondary schools in Iraq was 57% in 1980, while in Saudi Arabia it was only 29.5%, in Egypt 50.5% and in Tunisia 27%, for the same period. Life expectancy in Iraq in 1980 was 62, and childbirth mortality was 80 per 1000, whereas in Saudi Arabia life expectancy was 61 and mortality for the same period was 117 per 1000; in Tunisia life expectancy was 62 and mortality was 69 per 1000; and in Egypt life expectancy was 56 and mortality was 121 per 1000.

Table 1.1 Changing life expectancy and infant mortality in the Middle East and North of Africa.

Country	Life expectancy 1980-2000	Change 1980-2000	Infant mortality 1980-2000 per 1000 birth	Change 1980-2000	Education enrolment secondary 1980-1998 Percent of relevant age group	Change 1980-1998
Egypt Arab Rep.	56 67	+11	121 42	-79	50 81	+31
Oman	60 74	+14	41 17	-24	12 67	+55
Yemen Rep.	49 56	+7	141 76	-65	…. 45	…
Libya	60 71	+11	53 26	-27	76 77	+1
Morocco	58 67	+9	99 47	-52	26 40	+14
Tunisia	62 72	+10	69 26	-43	27 73	+46
Saudi Arabia	61 73	+12	65 18	-47	29 66	+37
Algeria	59 71	+12	98 33	-65	33 66	+33
Iran	58 69	+11	98 33	-65	42 …..	…
Syria Arab Rep.	62 70	+8	56 24	-32	46 42	-4
Turkey	61 70	+9	109 34	-75	35 70	+35
Jordan	63 72	+9	41 25	-16	59 66	+7
Kuwait	71 77	+6	27 9	-18	80……	….
Lebanon	65 70	+5	48 26	-22	59 89	+30
Iraq	62 61	-1	80 93	+13	57 20	-37
Sudan	48 56	+8	117 81	-36	16 29	+13
United Arab Emirates	68 75	+7	55 7	-48	52 78	+26

On the other hand, the state funds were also available to Saddam's family and his inner close associated elites. Saddam made presidential orders to allocate state funds to build palaces for his personal use. There are many palaces in Baghdad and other major Iraqi cities. Saddam not only used these palaces for his personal enjoyment, but he directed state funds to provide palaces for his privileged associates, friends and family. For example, in the 1980s it was agreed that the Arab summit would take place in Iraq, and Saddam ordered the building of several palaces along the river of Tigris in the south Tikrit (place where Saddam was born). These were built to accommodate Arab leaders, and each palace was built with specific traditional Arab architecture. The guests never came and the summit never too place, instead the properties were distributed among a few privileged people and selected bands of officials (Al-Ali, 2014:190).

State funds were also used throughout the Middle East to fight many rivals of the Iraqi regime, and support those who opposed Saddam's enemies in the region, though because of the secrecy of the former Iraqi regime, it is almost impossible to know how much money was allocated in this way. One example was that the Iraqi regime supported different militias in Lebanon during the civil war 1976-1991 (Al-Ali, 2014) because these militias engaged in a conflict with Iraq's Syrian rivals. State funds were also used to help many Iranian opposition groups during the 1980s Iraq-Iran war. For example, the Iraqi government helped the group of *Majahidin Khlaq* under the leadership of Masoudi Rajawi, who spent many years in Iraq fighting against the Islamic Republic of Iran.

State funds were also used to increase Saddam's inner circle and build up a strong centralised patronage system. Much of these funds were directed to individuals who were already associated with the principal members of the Baath party, the doors were also opened to those who expressed their wishes to join Saddam's inner circle. According to Tripp (2001: 215)

> "Oil revenues offered Saddam and [his] associates the opportunity of creating a wide circle of dependence, deeply implicated in the regime's use of state funds to favour those whom it trusted and to create a client network of country wide proportions. Much of this went to individuals who were already connected to the principal members of the regime, but Saddam Husain in particular opened up opportunities to others whom he wished to draw into his own circle. Whatever the direction of these funds, it was important for Saddam's growing power that [his] disposal should not be scrutinised".

The Baath party built itself up as a machine of power through accumulation of resources garnered from the oil wealth, to exercise a strong centralised patronage system centred on a restricted inner circle of Saddam's close associates. This kind of centralised association was linked to Saddam either through close associated friends or long-term personal trust. The formation of this strong inner circle of the Baath party had been put to the test many times as to whether it could be penetrated by other ideologies or other opportunistic military officers, but instead all of them followed the charismatic leader- Saddam. Day by day this kind of centralised patronage system became closer to Saddam, and such a patron-client network within the Baath party meant the state was highly personalised. Such a strong connection gave a particular expression of the conception of the state and party where all other groups and factions outside such connection were considered as outsiders. In other word, those outside such centralised patronage were considered as being against the Baath party. Saddam

considered himself as a representative of all people and communities in Iraq and he was necessary for the *umma* (nation). Thus, the Baath party was now a dominant and country-wide organisation, reaching to the smallest village in the entire Iraq in an unprecedented way (Tripp, 2001: 226).

State funds were also directed to establish national institutions to sustain the national myth of Baathist democracy. For example, Saddam created for the first time a National Assembly in March 1980 (after the abolition of the monarchy in 1958 there was no parliamentarian election in Iraq until 1980). Saddam also ordered the establishment of organisations for students, women, and journalists, which were supposed to play important roles in democracy and the promotion of civil society (for e.g. see Tripp, 2001 and Marr, 1985).

However, the establishing of these institutions was only symbolic, since their members were supervised and strongly vetted by Saddam's security apparatus. Such institutions also became tools of the patronage system whereby a number of people from different communities were given influential positions. And they had special access to state benefits such as housing, cars and other material rewards. For those who refused to enter such patronage the doors were completely closed and the only option was to leave Iraq. During the era of the Baath party or specifically after Saddam came to power in the 1980s many Iraqi professionals left Iraq either because they refused to become a member of such organisations or after they became members they were afraid of strong monitoring and interrogation by the state apparatus. In this respect, Dodge (2004:2) pointed out "since seizing the power in 1968 the Baath regime efficiently used an extreme level of violence and powers of patronage to co-opt or break any independent civil society". National and civil society institutions such as trade unions and associations of solicitors, doctors, teachers, and chambers of commerce were closely inspected by the security apparatus. This vetting pervaded all civil activities in the entire country, from the 'highest' institutions such as the National Assembly to the 'lowest' institutions such as trade unions, peasants and students organisations, and the general federation of Iraqi women organisations.

So under Saddam's rule during the 1980s, there was an extensive system of state patronage, which some commentators would deem to be a corrupt form of clientelism. However, non-state corruption was severely punished by the Saddam regime. For example, under Saddam's rule it was very dangerous for civil servants to engage in corrupt misuse of public money. Given that the treasury directly responded to his personal orders, Saddam believed that stealing money from the state meant reducing the available funds for social and economic

development, which in turn damaged the internal reputation and legitimacy of the Baath party. In other words, misuse of public money was considered as work against the Baath party which in turn meant work against the president of Iraq. Given the centralised power of the state, and strong patronage with close monitoring by state apparatus, anyone involved in such corruption was never expect to escape punishment. There were tough sanctions imposed on anyone who was even suspected of corruption and waste or mismanagement of public assets - some acts of corruption could lead to the death penalty. One example was an official involved in taking bribes from the UK company that manufactured buses who was hanged in the public area. Also, officials from the ministry of health were hanged when they allowed the importing of medicines that had expired and were unfit for consumption. Another case was recorded in the ministry of agriculture where imported food-stuff was spoilt (Al-Ali, 2014:192). All of these punishments scared many Iraqi officials in lower bureaucratic levels of the civil service. Thus, Iraq was clean country in terms of bureaucratic corruption and state corruption was limited in the hand of few privileged people.

1.2.4 Image of corruption after the Gulf war 1991

After the First Gulf War, everything changed. During 1980-1988, the Iraqi regime was engaged in a war with Iran, which increased military spending to US$120 billion, while during the same period, oil revenues only reached US$46.7 billion(Alnasrawi, 2001: 207). This burdened Iraq with a huge debt, draining Iraq's reserves. In 1986, the price of oil fell sharply, from almost US$28 to US$10 per barrel. In December 1986, OPEC decided to keep the price at US$18 per barrel, because commitment to the existing level of production by OPEC members was necessary for the social and economic development of all oil-rich countries, especially Iraq. However, Kuwait and United Arab Emirates refused to comply with their quotas (Ibrahim, 1990). The trigger of the Iraqi occupation of Kuwait was the non-commitment of the Kuwait government to the level of oil production allocated in its OPEC output quotas (Aarts and Renner, 1991). Moreover, Iraq had granted the big oil field Rommila, which is located underneath the Iraq and Kuwait border, to the French Company ERAP in 1966 and had invited the Russians to develop north of the Rommila field. Iraq accused Kuwait of drilling an oil well on the border with Iraq to pump oil from a part of the Rommila oil field that is located inside Iraq, and this was one of the causes of the invasion of Kuwait in August 1990 by Iraq (Aburish, 2000: 73). The Iraqi regime claimed that Kuwait was an integral part of Iraq, province number 19. Saddam appointed Ali Hassan al-Majid as

the new governor of the new province of Kuwait (Aburish, 2000: 289). The invasion of Kuwait made Iraqi politicians optimistic about the future. The Iraqi Deputy Prime Minister stated that Iraq would now be able to pay off all its debts, and the oil income in Iraq would rise to US$38 billion (Alnasrawi, 200: 208).

However, the result of the war against Kuwait was catastrophic for Iraq, including its military expulsion from Kuwait by a US-led coalition army and sanctions imposed by the United Nations Security Council (UNSC) (Wallensteen et al., 2005: 6). In April 1991, resolution 687 was issued in UNSC, instituting one of the most comprehensive sets of sanctions against any country by the international community (Barakat, 2005: 574). According to this resolution, the apparatus of Iraqi weapons of mass destruction should be eliminated, and Iraq should pay reparation to Kuwait. All Iraqi assets were frozen; there was an embargo on all kinds of trade including oil, a suspension of all international flights, and a ban on financial transactions. The embargo prevented anything being imported and exported through Iraq. Iraqi GDP fell from US$6151GDP per capita income in 1980 to US$883 in 1999, and foreign debt rose to US$130 billion. On the social level, the consequence was also huge: infant mortality increased, life expectancy declined; the health system reverted to standards of 50 years ago; per capita income fell to lower than 1950 levels; and enrolment in secondary school dropped from 57% to 20% by 1998. During the same period, the socio-economic conditions in other Arab states improved (see Table 1-1).

With regard to corruption, the situation changed from a national centralised system of political patronage to a nepotistic from of corruption that purely benefited Saddam's faithful (Le Billon, 2008: 692). Politically, the centralised patronage system based on clientelistic employment was drastically reduced because of lack of funds, and the economic basis of the legitimacy of the regime prior to the wars, was undermined. During this period, Saddam relied on a small group of people who were attached to him personally by reason of family, common regional background, and tribal affiliations. Saddam was well aware that reliance on the circles of family and kin was the key to his political survival. His family controlled all the significant and sensitive positions in Iraq. For example, Barzan Ibrahim (Hussein'shalf-brother) took over the General Intelligence Apparatus, and Watban Ibrahim (another half-brother) became Governor of Tikrit, and then Interior Minister (Aburish, 2000: 221). Saddam also decided to increase the role of his immediate family members in the most important positions in the government, particularly his two sons, Uday and Qusay. Uday took around 30

official positions at the same time including the head of Iraqi national sports clubs and media channels, and he became involved in illegal trade and currency exchange- buying foreign currency at the official rate and selling on the black market for a huge profit (Le Billon, 2008: 692). Through this action, he accumulated millions of dollars, which he used to build palaces, including one located behind Baghdad University (Aburish, 2000: 264). However, controlling the state's most important positions by one family and close friends also has disadvantages. Ruling the state by one family required keeping a balance between them. Saddam trusted his family and close friends, but family members were jealous of each other, and they committed many crimes but they were immune from being brought to justice.

Another change was that as the state had largely withdrawn from many social and economic services, non-state organisations appeared in Iraq to maintain a social connection for sustaining the regime. One element of these non-state organisations were tribal groups, which Saddam had previously repressed as contrary to national unity, but he now mobilised as a means of opposing western aggression (Baram, 1997). Saddam attempted to find an alternative for dealing with a new situation and maintain and sustain his loyal supporters with people who were largely coming from the north west of Baghdad from which Saddam originates. These people sometimes known as *umana'a* Saddam (Saddam's faithful) (Tripp, 2001: 264). In order to be close to the president these people competed with each other to obtain his favour. Saddam expected that these people would not question the principles of the Baath party. Within this conglomerate of supporters, Saddam's immediate family and his allied clans held a special place, benefiting from access to the black market that was set up by Saddam to evade the sanctions (Looney, 2008). Oil trafficking was the main means which enabled the Saddam family to flourish. This was partly because of the maintenance of the strong patronage system which maintained loyalty to Saddam's family, but also because of Saddam's family's control over oil smuggling to neighbouring countries such as Jordan and Turkey. For instance, Uday, Saddam's son, was directly involved in oil smuggling (Le Billon, 2005: 692). Later, the US Senate found that the former Iraqi regime was able to make US$13.6 billion from selling oil to neighbouring countries (BBC News Middle East, 2005). Although these activities were controlled by Saddam and his immediate family, Saddam used some of the tribes to maintain order in Iraq in return for sharing the spoils of oil smuggling. During the mid-1990s some of the tribes around Anbar province became so strong that controlled the roads around Baghdad. These tribes were involved in looting, as well as

smuggling, and sometimes they appeared stronger than government forces when they clashed with the police, and the military (Williams, 2009).

Another form of corruption in this period was administrative corruption i.e. increasing the level of bribery of public officials to gain access to state services (a practice that in the 1980s was forbidden). Millions of Iraqi suffered from malnutrition, and the average state salaries were lowered to only a few US dollars a month (Drèze & Gazdar, 1992). Accessing the poor health service, education as well as justice and police had to be paid for. Selling state documents, falsification of official documents, and stealing public properties, were widespread. The range of bribery extended to reach the bureaucracy in an unprecedented way, and as Herring (2011:18) pointed out, the informal connection of a corrupt network was more important than the official institutions in Iraq in the 1990s.

To alleviate the economic hardship of the embargo, the UN agreed to allow the Iraqi government to sell its oil in exchange for humanitarian goods such as food and medicine. On April, 1995, UNSC resolution 986 allowed Iraq to sell US$2 billion of its oil every six months to buy food and medicine for Iraqis (UNSC, 1995). From this sum, 30% was deducted to be put in a Compensation Fund for various UNSC mandates. In 1998, the level of selling of oil was increased from US$2 billion to US$5.26 billion every six months to meet the population's demand for food and medicine. While the 986 resolution provided some relief for Iraqis, corruption occurred between the Iraqi regime along with international oil companies, on the one hand, and UN officials on the other. The regime was involved in under-pricing of oil below the market rate: according to the study carried out by Hsieh and Moretti (2006:1212), the Iraqi regime obtained US$1.3 billion in bribes due to under-pricing oil below the market rate. According to them, there were two main ways for the Iraqi regime to engage in corruption within the programme: choosing the buyers, and manipulating the selling price of its oil till September 2001. Regarding the UN officials involved in corruption, an independent inquiry was formed to investigate. This enquiry was headed by Paul Volcker a former head of the American Federal Reserve, and its report shows that Benon Sevan, head of the oil-for-food programme, received an unusually large bank deposit of US$160,000, and was illicitly involved in helping the company AMEP to win contracts (The Economist, 2005).

By oil smuggling, Saddam could illicitly produce between US$5.7 to US$13.6 billion between 1997-2002, and while both the UK and the USA knew about this smuggling, they did not want to engage in confrontation with two of their allies in the region such as Jordan

and Turkey who were recipients of this smuggled oil (Le Billon, 2005: 694). The regime used this illicit smuggling to buy supporters to end the sanctions. In some cases, the regime provided vouchers as gifts to some foreign companies as well as to some influential individuals [10] to lobby to end the sanctions and normalise Iraqi relationships with the international community. Zyad published 270 names of people who received bribes from the former Iraqi regime. These individuals were from 51 countries, many from Arab countries. In return, they were required to defend the regime and campaign against US sanctions on Iraq.

From the above, we can draw two important conclusions. First, the nature and extent of corruption varied according to the political rulers in power and according to different challenges that Iraq faced in different periods. For example, before 1991, corruption was centralised and limited to state patronage and was not necessarily monetary gain, but included advantages for groups in power. After 1991, corruption was more diffused, and included tribal and bureaucratic forms, as well as a reduced extent of state patronage. Second, studying the issue of corruption was forbidden during the time of Saddam, which is why the topic is entirely absent (in Arabic language) from Iraqi literature during this period. We now turn to the image of corruption after the fall of Saddam in 2003.

1.2.5 *Image of corruption since the fall of Saddam in 2003*

In 2003, the US-led coalition invaded Iraq and overthrew the regime of Saddam, leading to the emergence of a new dynamic of power, influence and policymaking. By May 2003, Hussein was no longer the president of Iraq and the Sunni elites were no longer at the helm of the Iraqi government. The Coalition Provisional Authority (CPA) took power, and during its 14 months in power in Iraq, it left at best a mixed legacy to Iraqis. Below we divide this legacy into political and economic aspects.

1.2.5.1 CPA and its political legacy

The political legacy of the CPA lies in the important period after 2003 when the political drivers of corruption were established in Iraq and still persist today. These political drivers are threefold.

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[10]See a list of 270 influential individuals around the world who took bribes from the former Iraqi regime available at: http://acepilots.com/unscam/ (accessed: 19 November 2016).

The first political driver of corruption was lack of security provided by the CPA. During Saddam's regime, Iraq as a state was largely controlled by the Baath party, and it was a stabilised state in terms of providing security. But the collapse of the regime created a power vacuum which was characterised by chaos and disorder immediately after the war. According to Dodge (2003) the insufficient number of troops on the ground was considered as one of the central problems that faced Coalition forces for keeping order in Iraq immediately after war. A US Army Chief of State, Eric Shinseki, called for more troops on the ground. Based on his experience as a NATO commander of peace-keeping forces, Shinseki calculated that for every 50 citizens, one soldier was needed (Mills, 2008). Saddam had more than 50 police or troops per 1000 people that maintained his power. In order to protect order in Iraq the Coalition forces needed around 400,000 troops, whereas the US had only put on the ground 116,000 troops. That means per 1000 of people the US force put on the ground only 20 troops in Iraq (Di Rita, 2008). Donald Rumsfeld, who was the Defence Secretariat of the State at that time, preferred to use precise bombings than to put troops in the ground. Rumsfeld encouraged General Tommy Franks, who was responsible for planning the invasion, to keep troops on the ground as few as possible. This shows that the US administration miscalculated its pre-plan for the war.

The most difficult problem immediately after the war was a "security vacuum" (Dodge, 2005: 10). The new situation was characterised by increasing violence and different kinds of organised crimes. One of the mostly observable crimes in Iraq immediately after the war was looting of the public properties in front of the eyes of the coalition forces. Many of the Iraqi ministries and official institutions were largely prone to looting. The second most popular practice was kidnapping. Although some of the kidnappings were undertaken by different Iraqi groups as revenge or because of political reasons, many of the kidnappings became the source of income for many individuals and groups. People were kidnapped and were released following payment of ransoms, although some hostages were killed after payment. After 2003, kidnappings became a major source of insecurity in the cities of Baghdad, Anbar, Mosul, Sallahddin and Basra. The day by day kidnappers were strengthened due to the availability of weapons and lawlessness as well as the absence of the intelligence and police force (Williams, 2009).

The second political driver of corruption was the increasing role of militias. The US after the war in May 2003 decided to dismantle both interior and defence ministries as well as issuing a policy of de-Ba'athification (See for e.g. CPA, Order No.1). These decisions put thousands

of former Iraqi troops, police, and other Baathists out of work, many of whom were vulnerable to be killed by Shia radical groups. They regrouped to protect themselves from attacks carried out against them by Shia radical groups. This factor became a main source of insecurity in the Sunni triangle, located in the north west of Baghdad, which became a main source for insurgency in Iraq after 2003. These people reorganised themselves under the former Baathist leaders and the most prominent one was Izzat al-Duri. Some of these were criminal groups or individuals before 2003 but they were controlled under Saddam's rule. Others were members of the security network that guaranteed Saddam in power. Some of these groups were affiliated to the Baath party, and had a long relationship with the state, whereas others were tribally based from the North West of Baghdad (the place where Saddam was born).

After a few months, the Sunni triangle was not only a major source for insecurity but also a place where theft, fraud and smuggling were widespread and became a main source of income for these groups. Their activities were mostly centred around the Baiji oil refinery which is the biggest refinery in Iraq or even in the Middle East. Diversion and smuggling of oil from the Baiji refinery was a dominant activity by these groups to fund their insurgence activities (Williams, 2009:124-125). The other form of corruption used by these groups was extortion imposed on truck drivers to allow them to transport fuels to other areas of the country – and this extortion also became a second major source of income of these militias. In some Sunni areas, these militias' powers grew to the degree that they could prevent government from delivering goods and services. These groups in the Sunni triangle not only undermined the effective role of the government, but persuaded people to regard them as more important for protection than the state apparatus.

Yet other groups were motivated by religious and political reasons, and organised themselves in opposition to the occupation, building their own militias to stand against the coalition forces as an occupying power. Within a few months of collapse of the Iraqi regime, some of these criminal activities were not only concentrated on obtaining illicit economic advantages but they became powerful as non-state actor's organisations with a broader oppositional political ideology focused on controlling business areas. The most powerful of these groups was the Mahdi Army, which was involved in smuggling oil and controlling the Jamila market which is the most important business place in Baghdad (Williams, 2009:126). The Mahdi Army, under the cleric leader Muqtada al-Sadr, broke into the Ministry of Health and killed many Sunni patients and the medical staff who treated them. More importantly, the Mahdi

Army was strong enough to penetrate government agencies such as the police and justice systems. However, the Mahdi Army was also involved in violence with other strong Bard and Fadhila militias from the South of Iraq, clashing over oil smuggling (see: Wahab, 2006 and Williams, 2009). The situation became more complicated after CPA issued an arrest warrant for Muqtad al-Sadar, after which his group became a rebellious force in the major southern cities in Iraq and in a larger proportion of in Baghdad city Sadar (*madinatal-Sadr*).

These militias were motivated partly by self-defence, partly by economic gain, and partly by political, ideological or religious reasons. These militias arose a few months after occupation, and soon Iraq became very similar to other very weak or fragile or failing states. Dodge (2004:11) described "industrial scale criminal gangs operating in the urban centres of Basra, Baghdad and Mosul". They sought to prevent the government from building its own structure: in brief, they rejected both CPA power and a new government to replace it.

The third political driver of corruption was sectarianism. The CPA attempted to establish a governmental body which provided a legitimate and effective mode of sharing sovereignty between the CPA and all Iraqi components. Instead of forming a parliament, the CPA appointed the Iraqi Governing Council (IGC) from leaders of different backgrounds -mostly leaders from Iraqi opposition parties who had spent most of their time in exile. The 25 members governing the council reflected sectarian and ethnic biases: the Shia had 13 representatives, the Sunni five, and the Kurds five, while there was also one Turkoman and one Assyrian (El-Shibiny, 2010: 25).This body was formed by Paul Bremer, consulting with the UN in Iraq. However, this sectarian structure of the IGC was flawed. For instance, some of its members were secular or even from the communist party but they were considered as belonging to the Shia block. Two cases in point were Ahmed Chalabi, who was a secular leader of the National Congress party, and Hammid Majid Moussa, who was a leader of the communist party in Iraq. More seriously, the sectarian basis of the IGC reinforced rather than ameliorated the sectarian divide that was beginning to cripple the post-war experience in Iraq. The majority members of the IGC, nominally Shia, were selected among Iraqi oppositions (National Congress), who were divided between ethnic and religious lines but mobilised by hatred of Baathist people, in particular Sunni people. This animosity within the IGC has exacerbated hatred between Sunni and Shia communities in the country. The multi-ethnic/religious structure of the IGC was supposed to turn a new page after the war, but its inability to develop and to become a positive cornerstone of the new Iraqi governing structure was a major obstacle to developing a sense of togetherness within the ruling regime.

More broadly, choosing members based purely on their ethnic and religious affiliations has also undermined the hope of building communitarian citizenship between Iraqis. Anyone who wants to take an official post in Iraq must first declare his/her sectarian identity which determines their political affiliation i.e. which party they are affiliated to: skills do not play an important role in selection for an official post. So sectarian affiliations have become a normal practice by Iraqi political groups in which every political party from Shia, Sunni and Kurds want its own share in the governmental institutions – the 'Lebanonization' of the Iraqi political system. All successive cabinets and nearly all Iraqi institutions became based on sectarian division between groups in power in Iraq. The sectarian division in Iraq was marked by the legitimacy of leaders based on their share of ethnic and sectarian characteristics, and Iraqi politics is determined by what leaders have done for their affiliations.

This sectarian sharing of power has had a serious impact on Iraqi constitution. As Al-Ali (2014) argues, the manner in which the Iraqi constitution was designed, instead of creating a consensus between people from different backgrounds, created cleavages among segments of the Iraqi factions. The formation of government in Iraq since 2003 has been based on sectarian quotas - what is called the *muhasassa* system. Al-Ali argues that many of the elites who have taken power in Iraq after 2003 spent much time in exile, and therefore do not have sufficient professional capacity to run the state, and so many of them try to hide their failure by resorting to sectarianism to defend themselves from criticism coming from opposing sects and factions. The result has been a widening division between the main Iraqi factions, but a narrowing of the benefit-sharing towards the dominant Shia faction. In Post-Saddam, government benefits were widely distributed among sectarian groups, the Shia political parties have taken control of many state institutions, seeing an opportunity for obtaining benefits from Iraqi resources previously denied to them by Saddam.

1.2.5.2 CPA and its economic legacy

The economic legacy of the CPA was as important as its political legacy, and mostly lies in what the CPA called economic reforms where the economic drivers of corruption were established in Iraq that still persist today. These drivers are four-fold.

The first economic driver of corruption was the limited expertise in Iraqi society that the CPA drew upon. Before the 2003 war, the US administration had planned to reconstruct all Iraqi sectors after the war, contacting 200 Iraqi experts in exile to consult them on how the US should approach this reconstruction. But once the war was over, the CPA ignored this plan,

and only contacted a small number of Iraqi experts. Although being absent for many years in Iraq, these few exile experts became the main source of information for the CPA (Dodge, 2003: 3), yet they provided very limited channels of communication between the CPA and broader Iraqi society. As a result, the CPA ignored the opinions of the vast majority of Iraqis when developing a vision of Iraq's future, and listened only to the voices of people who did not have any objection to the pre-planned model adopted by the US administration. Furthermore, the CPA did not have sufficient Arabic speakers to communicate its vision to the populace.

The second economic driver of corruption was the budgetary arrangement for utilizing Iraqi and the US resources adopted by the CPA after the war. The CPA had two sources of funding. The first source of funding came from Iraqi oil revenues derived from the oil-for-food programme, which were kept in the Development Fund of Iraq (DFI) under the supervision of the UN, and amounted to US$23.8 billion. The second source of funding was US taxpayer's money which amounted to US$18.4 billion. The problem was that the CPA squandered the Iraqi funds in DFI, spending 88% of the US$ 23.8 billion, and by the end of June 2004, the CPA only left US$2.8 billion for Iraqi interim government. By contrast, with regard to the US funds of US$18.4 billion only US$3.7 billion was spent (Le Billon, 2005: 696).

Although there was imbalance in allocation and expenditure between the available Iraqi funds and US funds, it was unclear whether or not this was a deliberate decision of the CPA. What was clear was that when the Iraqi interim government took power in 2004 the Iraqi fund was only US$2.8 billion. Moreover, there were serious shortcomings in the CAP's system of auditing, and financial mismanagement became a hallmark of the new administration of Iraq. One estimate is that US$ 600 million cash was spent by Bremer without paperwork, and it was also discovered that US$8.8 billion passed to the Iraqi ministers, when Bremer worked as governor of Iraq, but remained unaccounted for (Harriman, 2005). According to a report by Stuart Bowne, Head of the Inspector General for Reconstruction of Iraq (SIGRI), a huge sum of US$ 9 billion was spent in an inefficient manner between 2003 and 2006 due to bad governance (CNN Middle East, 2005). In 2006, Mr Bowen in an interview with the BBC said that Iraq was facing a 'second insurgency' which is corruption; and corruption costs Iraq US$ 2.1 billion which is over 10% of the total national income, each year (BBC News Middle East, 2006). In his report in 2007, Bowen recorded significant problems with seven out of eight projects which had been built in different Iraqi cities. The projects either had problem with operational aspects or buying expensive equipment or electrical failure or

looting or lack of maintenance. For instance, one case related to power plant enhancement for Baghdad International Airport, where the contractor installed seventeen power generators, but after inspection it turned out that 10 out of 17 were not working (SIGRI, 2007: 115). In the capital city of the Kurdistan region, Erbil, the Maternity and Paediatric hospital was setting up new equipment but the staff chose not to use it (SIGRI, 2007: 97). Repairing the cement factory in Samarah cost US$60 million, but it was supposed to cost only US$20 million. But when the Iraqi Governing Council asked the CPA why there was such a huge disparity between the estimated cost and the actual cost, the answer by the CPA representative was: you should be grateful we saved you from Saddam (Harriman, 2005).

This lack of oversight over the spending of Iraqi and the US funds as well as poor accounting practices, led the UN under the UNSCR 1546, to create a new institution under the name of the Iraq Advisory and Monitoring Board (IAMB) to monitor Iraqi assets in DFI (Blanchard, 2009: 16). The IAMB provides reports on Iraqi oil export revenues. IAMB revealed poor auditing and lack of sufficient accounting in spending Iraqi assets in DFI by the CPA. But the IMBA is only an auditing institution with no judicial power for proposing sanctions against perpetrators. Moreover, the short comings of poor auditing were justified by the CPA on grounds of the insecure situation after the war, and the lack of Iraqi administrative capacity. Although US Senators proposed sanctions against a number of the staff of the CPA, the US administration refused to impose any such sanctions, and Executive Order no. 13303 was issued by Bush administration which exempted the US staff from any prosecutions by Iraqi court (Khavari, 2006). In June 2003, Bremer also through Order no. 17 exempted coalition forces, the CPA staff, contractors, missions and their personnel from any Iraqi legal process (CPA, Order No.17: section 4: 2). Thus, not only did the lack of auditing and oversight create a fertile environment for fraudulent pending of Iraqi assets, but the exemption of the CPA and foreigners from any prosecution by the Iraqi judicial system compounded the problem.

The third economic driver of corruption was the emphasis on a strong pro-market policy adopted by the CPA. The CPA sought to restructure the Iraqi economy along market lines by issuing 100 orders by decree[11]. The purpose of these orders was to transform the Iraqi

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[11]These orders have established the pillars of a market-oriented economy in Iraq: the abolition of state production and commodity subsidies; the eradication of import tariffs and trade barriers (Order 12); the deregulation of wage protections and the labour market (Order 30); tax reform (Order 37); monetary reform and reforms in the banking sector (Orders 18, 20, 40, 43, 74 and 94); the establishment of international trade rules based on the World Trade Organisation (WTO) model (Orders 54, 81 and 83); and the privatisation of state enterprises (Orders 39, 46 and 51). The regime was founded on the principle of 'trickle down' economics:

economy from state enterprise-based to private enterprise-based [12] –a shift that was considered the best solution for eradicating the country's endemic corruption. The US State Department condemned the former Iraqi government's planned economy and insecure business environment and set about transforming the Iraqi economy from a traditional command economy to a modern open market economy (Whyte, 2007: 180). However, given that the CPA administration was an occupying power based on the UN resolution 1483 in 2003, its adoption of a free market economic effectively gave Iraqi market opportunities to foreign hands. At any rate, many contracts for Iraqi reconstruction were allocated disproportionately by the CPA to US-connected firms. Very limited competition and transparent bidding processes were recorded in the assigning of many contracts. One estimate is that 85% of value of contracts, which worth over US$5 million, were given to US contractors, and only 2% value of these contracts were given to Iraqi firms (Whyte, 2007:187). Another report claims that 73% of these contracts were transferred to the bidders without competition, including major contracts for repairing oil infrastructure which were valued at US$1.4 billion. Some contracts were given to bidders by telephone contracts without formally going through the bidding process. One report revealed that contracts worth US$11 billion were won for the benefit of Halliburton which belongs to the former vice-president of the US -Richard Cheney (Le Billon, 2005: 696). Thus, instead of putting necessary capital into local capacity building, the CPA used its funds to advance US firms' interests.

Not only were local Iraqi firms not benefiting from Iraqi assets, but local qualified people were also ignored by the CPA, because the CPA mostly depended on hiring foreigners to work in Iraq rather than Iraqis. Moreover, the reconstruction projects were increasing the amount of foreign goods imported into Iraq rather than promoting the home grown capacity of local production that had deteriorated because of international sanctions imposed for over ten years. Within a few days of implementing the CPA Order no.12, foreign commodities flooded into Iraq, which forced Iraqi businessmen from the local market (CPA, Order No.12: section 1 & 2). Moreover, the CPA did not sufficiently acknowledge the danger that the sudden opening up of the Iraqi economy to the market and deregulation may increase corruption rather than decrease it, unless it is accompanied social and cultural change. This means it needs the efficient institutions and commercial law. Salah and Hassan (2008) argue

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the idea that wealth can be created and development stimulated by creating favourable terms of investment for private capital (Whyte, 2007).

[12] For instance, order 39 allows to transfer full state-owned enterprises to full foreign enterprises.

that the colonial period has the main responsibility for the prevailing corruption through offering opportunities for multi-national companies to invest in Iraq, without taking into consideration the social values and international standards required to for non-corrupt contacts. Without such institutional safeguards, the liberal development of the economy opened up new areas to the possibility of broader forms of corporate corruption. As a result, corporate corruption became embedded in key apparatus of the economy.

The fourth economic driver of corruption was the entry of political elites directly into the economic system. The government's pursuance of a free market policy led to groups and people identifying themselves with militias and sectarian identities not just for security but for goods. With the *muhasassa* division of the state institutions between groups in power, many of them have become involved in the market along with their political positions in the state. Some of the political groups benefited from this openness to award licences for importing commodities, building new companies and exercising monopoly over the market. This in turn put pressure on the government to change many regulations to fit the new situation. Using political positions to influence the market or obtain economic benefits became a popular practice of many groups in power. One opportunity in the state level has been through benefiting from transactions including huge public contracts to allocate through favouring specific suppliers in the market. Through this practices, many Iraqi projects had been allocated and many of them remain uncompleted since 2004-5-6-7-8-9-10. Money was allocated for specific projects, but many projects were never delivered.

 Such massive misallocation of public funds was a disaster for Iraq, by burdening the state public budgets, and leading to substantial amounts of oil resources being transferred to a few people, and misallocation in government contracts. The former Iraqi Oil Minister, Dr Adil Abdul-Mahdi, in a press conference in Baghdad published in al-Arabia al-Jadid on 23 August 2015, said that in the 12 years since 2003, the Iraqi public budget reached $850 billion from oil revenues, but from this amount, "we lost $450 billion due to bad management and without knowing where it went". Mr. Mahdi pointed out that the "Marshall Project for the reconstruction of EU countries after World War II (1939-1945), was only US$15 billion between 1947-1951, which is currently equivalent to US$148 billion, while US$148 is considered almost one year's Iraqi budget" (Mukhtar, 2015).

Another way of pursuance of the market by political groups was preferential treatment to politically connected firms. In such politicisation of the market many politically connected

firms received more credit because of political considerations than did non-politically connected firms. So some political figures either directly, or indirectly through using intermediaries, have also become market actors. Some firms start to build links with the political parties through which many of them accumulated capital which they shared with the parties in power. Also, some political groups were involved in the market by having their own companies which constituted large monopolies. Thus, the market has been politicised based on sectarian and parties' interests.

In the Kurdistan region of Iraq, for instance, such economic forms of corruption served to stabilise the system, unlike in the rest of Iraq where they became part of a fragmented political system. In other words, the free market system has not been entirely harmful to Kurdistan, though the better security situation in the region compared with the rest of Iraq, seems to be a main reason for its better showing, and it could be argued that economic growth would have been even faster with less parties' involvement in the market. In the Kurdistan region, positive economic consequences can be seen clearly in particular economic areas such as communications and housing, and Kurdistan has become an attractive area for Foreign Direct Investment (FDI) (Unegbu, and Okanlawon, 2015). However, there are still many shortcomings, one of which is the fact that the public are massively unsatisfied with the performance of the parties in power and many demonstrations have taken place, yet there were no positive responses from the parties in power. This kind of domination by political influence over economic opportunities means that the economic system is inefficient because massive profits have been transferred to the few privileged elites.

Two main conclusions can be drawn from the above discussion. First, it is important to bear in mind that on-going insecurity and violence in Iraq was not totally caused by the CPA, but partly also by the legacy of Saddam; involvement in two wars; and sanctions for over ten years. These three long-term problems plagued Iraq before the US occupation. The other negative legacy of Saddam was no indigenous civil society in place, and the atomizing of the population during 35 years, which made the task of the CPA in engaging with such society much harder. How could the CPA expect to get support from individuals who had been spent most of their lives in a centralised patronage system?

Nevertheless, second, the US administration does bear considerable responsibility for the mess left in Iraq. With no proper plan in place by the CPA, state institutions were prone to looting around three weeks immediately after occupation. Probably the most serious mistake

by Paul Bremer was dismantling the Iraqi army in 23 May 2003 and engaging in a de-Bathification policy rather than removing the key Baathist people inside the Army or official institutions. The CPA was driven to create a state free from Baathists in order to build a new western democratic state in the Middle East favourable to the US policy in the region. But instead of strengthening and building elements of a democratic state, bringing local capacity to the reconstruction process, and promoting civil society to participate in the rebuilding the state, the outcome was a rapid growth of sectarian tension and the regrouping of Baathists people leading to widespread violence, insurgency, crime and corruption.

1.2.6 Iraq in international documents:

Iraq also retained its bad record in the Transparency International (TI) scale. The issue of corruption had been a taboo during the previous regime, but corruption in Iraq today is a subject that is open to scrutiny by international organisations. TI produces an index every year called the Perception of Corruption Index (CPI)[13] which ranks countries from being the least corrupt to the most corrupt, scoring them on a scale from 10 to 0, 10 being the cleanest and 0 being the most corrupt. According to TI (see Table 1.2) in 2003, out of of 133 countries, Iraq was ranked 117th and the perception of corruption was 2.2. The situation in Iraq grew worse in 2011, as out of 182 countries Iraq was 172nd and the perception of corruption was 1.8. In 2012, TI scored countries between 100 to 0, 100 being the cleanest and 0 being the most corrupt, and of 174 countries, Iraq was ranked 169th and scored 18. In 2013, Iraq ranked 171th out of 175th scored countries and in 2014 Iraq was ranked 170th out of 174 with a score of 16 in both years. In 2015, Iraq was rated by TI as 161th out of 168 countries, with a score of 16 (1= highly corrupt and 100 = very clean) (TI CPI, 2016).

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[13] It is not necessarily the case that the perception of corruption is equal to actual corruption. Because of the secret nature of corruption, it is difficult to measure actual corruption, so the TI approach is an easier measure of the perception of corruption.

Table 1.2 Shows corruption perception in Iraq, 2003-2015

year	Total number of countries	Rank of Iraq	Score of Iraq
2003	133	113	2.2
2004	145	129	2.1
2005	158	137	2.2
2006	163	160	1.9
2007	179	178	1.5
2008	179	178	1.3
2009	180	176	1.5
2010	178	175	1.5
2011	182	175	1.8
2012	174	169	18
2013	175	171	16
2014	174	170	16
2015	168	161	16

Source: Transparency International. http://www.transparency.org/research/cpi/cpi (Accessed: 13 February 2016).

Although, as we have noted, perception of corruption is not synonymous with actual practices of corruption, there is also a problem in relating to the definition of what corruption actually means to the respondents. Moreover, bribery is a main focus of of CPI while there may be many other forms of corruption in society in question. Nevertheless, as Hough (2013:19-20) argues that although TI deals with perception or experience of corruption, still TI has done an impressive job. TI is raising awareness not on the local level but in the international and global policy, too. With regard to the case of Iraq, the above figures are alarming, reflecting that corruption in Iraq is a pervasive and endemic.

Another international assessment scale is the World Governance Indicator WGI by the World Bank of the effectiveness of the governance in each country. These indicators measure the voice and accountability, political stability, government effectiveness, regulatory quality, the rule of law, and control over corruption. These indicators are reported in two ways: (1) the score of -2.5 and +2.5, (which is +2.5= very good governance and -2.5 very bad governance). (2) The WGI is a percentile rank from 0 to100, (0 = corresponds to the lowest rank (worst governance), while 100= corresponds to the highest rank (best governance). Importantly, standard errors indicate robustness of the data[14]. As expected, in each country that WGIs are

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[14] Standard errors also reflect two things, first reflection refers to a number of sources that have been used for the country and to what extent these sources agree with each other, in that the more sources agree with each

varied across time and indicators type, and there is indication for each country to improve and decline across time and indicators type. The performance may be below average for many developing countries. However, the story for Iraq is different, with poor performance during 1996-2014 not only in the area of controlling corruption but many other indicators. WGI measures the voice and accountability, political stability, government effectiveness, regulatory quality, the rule of law[15]. Here, I am concentrating on the control of corruption which is particularly relevant to the research. Table 1.3 shows that between 1996-2014 Iraq's governance score revolve around -1.22 and -158. This indicates that the Iraqi government is perceived to be performing below average in controlling corruption. The Iraqi government has consistently found itself in the worst percentile ranking. Since 2003, the progress of Iraq in controlling corruption has been very poor, varying between 1.46 in 2006, 2007, 2008 respectively and 7.66 in 2012 and 7.58 in 2011, as shows in Table 1.3.

Table 1.3 World Wide Governance Indicators, country data report for Iraq, 1996-2014

Indicator	Country	year	Number of sources	Governance score (-2.5 to +2.5)	Percentile rank (0 to 100)	Standard Error
Control of corruption	Iraq	1996	3	-1.53	2.44	0.30
		1998	3	-1.52	3.90	0.22
		2000	3	-1.47	2.93	0.30
		2002	3	-1.30	1.95	0.20
		2003	4	-1.22	8.29	0.23
		2004	4	-1.56	1.46	0.23
		2005	4	-1.46	1.95	0.22
		2006	4	-1.56	1.46	0.24
		2007	4	-1.58	1.46	0.24
		2008	7	-1.57	1.46	0.23
		2009	8	-1.39	2.87	0.22
		2010	9	-1.31	4.29	0.20
		2011	8	-1.21	7.58	0.19
		2012	9	-1.24	7.66	0.17
		2013	9	-1.25	7.18	0.18
		2014	9	-1.34	5.77	0.18

Source: World Bank Indicators 1996-2014
http://info.worldbank.org/governance/wgi/index.aspx#reports (Accessed: 13 February 2016).

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other the less standard errors will be. These standard error also reflect the reality that it is difficult to measure governance by using any kind of data. In most measure of governance there are, however, left ignorance and implicit altogether.

[15] The picture of all other indicators (voice and accountability, political stability, government effectiveness, regulatory quality, the rule of law) are the same as controlling corruption for more details about the performance of Iraq in WGI between 1996-2014 see:
http://info.worldbank.org/governance/wgi/index.aspx#reports (Accessed: 13 February 2016).

In fact, corruption has been more widespread in Iraq than in any other post-conflict setting that has been observed by scholars (Looney, 2008: 425).

Facts and figures of this widespread corruption in Iraq are not hard to find. For example, the former Iraqi Oil Minister, Dr Adil Abdul-Mahdi, in a press conference in Baghdad published in al-Arabia al-Jadid on 23 August 2015, said that in the 12 years since 2003, the Iraqi public budget reached $850 billion in oil revenues, but from this amount, "we lost $450 billion due to bad management and without knowing where it went" (Mukhtar, 2015). An MP, Zainab al-Basri, claimed that since 2003 US$312 billion has been stolen from the public purse (Al-Sumaria News, 2016). One Iraqi study estimated that financial corruption took nearly 25% of public money (Centre for Research and Study-Iraq, 2008). The Iraqi government itself recently sent 188 sensitive files of corruption to the Integrity Court in Iraq for investigation, 18 of which involved ministers and high ranking officials from the government such as advisers and General Directors (Al-Nabaa News, 2016).

The problem of corruption in Iraq today is more endemic than under Saddam, because not only is the oil rent much higher (notwithstanding the recent fall in the global price of oil), but Iraq is more factionalised across ethnic-political and religious lines than during the former dictator's regime. Today, the rentier state is more entrenched than ever before, in that the Iraqi government is now absolutely dependent on oil rents, and, more seriously, both the Iraqi government and Iraqi society are deeply divided across sectarian lines (al-Janabi, 2013: 18-19). Every day the public is told about acts of corruption as newspapers protest over 'whales of corruption', reporting stories of not only millions but billions of dollars stolen, according to the Iraqi anti-corruption bodies.

On social and economic indicators, the situation in Iraq has also deteriorated. For example, the health of the population has deteriorated over the past three decades: according to a study carried out by the World Bank, in 1980, life expectancy in Iraq stood at 61 years, but in 2006 it stood at 58 years (see Table 1) (World Bank, 2011: 55). GDP fell from US$3,375 in 1980 to US$1,665 in 2006. The poverty line has increased so that out of 34 million population 6.89 million are poor, meaning that 22.9% are poor (World Bank, 2011: 15-17)[16]. In 2015, Zuhra Hindawi spokesman in the Ministry of Planning-Iraq said that on average 23% of Iraqis live under the poverty line (Al-Anbari, 2015). The Minister of Labour and Social Affairs,

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[16] The World Bank uses several criteria for poverty, including a minimum income of one and two US dollars a day.

Mohammad Shiae Sudanese, revealed that the unemployment rate in Iraq exceeded 25 per cent (Sabah al-Jadid, 2015). However, according to Iraqi officials, these problems are related to the security situation in Iraq, particularly the ISS-controlled part of Iraq, and the Ministry of Planning expects that the poverty rate in Iraq will reach 30% because of the political issues around the country.

All of these factors make corruption in Iraq an important and interesting topic for research, not least because it is unusual, and probably unique, in being grounded in the rentier economy base and the *muhasassa* system of sectarian power-sharing. Some interesting questions arise out of this uniqueness. First, does the current *muhasassa* system of corruption owe much to the previous form of corruption based on the Ba'athist one-party rule? Second, has the oil resource given rise to the *muhasassa* system of corruption, or is oil only the medium by which the *muhasassa* system of corruption operates? Third, is corruption so entrenched in Iraq that outsiders who come into the country to clean up its corruption get sucked into it? Corresponding to the charge that Iraq is the land of corruption, and anyone who comes, even from relatively clean institutions such as the US administration and the IOCs, will directly or indirectly become embroiled in corruption – i.e. Iraqi politics corrupts all who touch it. Given the uniqueness of the Iraqi experience of corruption, it is surprising that there has not been much research into it. The aim of this study is to fill this gap. In the next section, I explain my specific focus on the topic.

1.3   Research question, goals and scope:

1.3.1 Research question:

The central inquiry of this research is not about whether there is corruption in Iraq, but *what nature/forms it takes; why?*

1.3.2 Research goals:

In undertaking this task there are three main areas that this study seeks to explore in depth. The first is to analyse the concept of corruption to determine its meaning in the context of Iraq by engaging with the literature and reflecting which definition is most appropriate for Iraqi experiences. The second aim is to empirically examine how this conceptualisation of

corruption is manifested in Iraq. The third aim is to discuss whether there is any way of eliminating corruption in Iraq.

1.3.3 Research scope:

I have limited the scope of this study in three ways:

First, in this study I focus exclusively on public sector corruption[17]. Because of Saddam's socialist ideology, the public sector in Iraq is much bigger than the private sector, and by far the greatest amount of corruption takes place in the public sector. Second, the time frame of this study is from 2003 to the present day. This is partly because I am most interested in contemporary corruption in the country, and partly because it is very difficult to obtain primary data about pre-2003 Iraqi corruption. There is very little documentary evidence that is accessible, and few former Iraqi political actors of that period are available for interview. Third, in order to make the topic manageable within the constraints of a PhD programme, I have narrowed the focus of this study to the three main forms of public sector corruption - clientelism, rent-seeking and corruption protection.

1.4   The importance of the study

The importance of this study rests in its empirical demonstration that the foundation of contemporary Iraqi corruption lies in the *muhasassa* system of sectarian governance. This is the distinctive feature of corruption in Iraq that differentiates it from corruption in other countries.

1.4.1 Empirical demonstration of the sectarian basis of corruption in Iraq

Some studies of corruption are content to describe and catalogue the types of corrupt activity in a country, and the extent of its range (Treisman, 2000; Montinola & Jackman, 2002). Other studies take a normative approach to corruption, and judge acts of corruption on a scale of high and low corruption, or political and bureaucratic corruption (Rose-Ackerman, 1999; Andvig *et al.*, 2000). Some studies focus on the development of political corruption during the life-cycle of corruption where corruption may be divded into different historical periods

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[17] In chapter 5 on rent-seeking, I will talk about market actors' monopoly over the market by artificial restrictions which in the first instance seems to be private sector corruption but this occurred through the exploitation of the political areas and many firms have linked with political groups in power.

(Werner, 1983). Yet other studies examine professional and technical issues of corruption in specific sectors (Campos and Pradhan, 2007). Obviously, it is impossible for single study to to be able to cover all aspects of corruption, and this study focuses on three distinct forms of corruption in Iraq - clientelism, rent-seeking and corruption protection – each of which has its own logic, features, and implications. Further, this study investigates corruption in Iraq from an empirical perspective in order to discover its underlying or root cause. This approach was designed to understand rather than judge corruption in Iraq, by uncovering not only the nature of corruption but where it lies, the ways of doing it, how it takes place, in which areas, and who is involved in it.

1.4.2 Iraq as a unique case

This sectarian foundation of corruption in Iraq arguably makes it a unique case. It differentiates it from oil-rich developed states such as Norway, UK, and USA, which have avoided heavy corruption because of pre-existing powerful institutions of good governance. In each of these three countries, good governing institutions were built long before the discovery of oil, and democratic systems of government with open market-oriented economies worked well in the countries before their oil booms. There were respected traditions of transparency and accountability, and public expenditure came from settled systems of taxation, which meant that the governments never became dependent on oil revenues for their budgets (Skancke, 2003). By contrast, in the case of Iraq, the governing institutions are themselves under the control of sectarian groups whose main aim is to obtain shares of oil revenue. Iraqi corruption is also different from the majority of oil-rich developing countries that are heavily corrupt – for example, Nigeria, Iran, Venezuela, Saudi Arabia and Russia, whose systems of corruption take many different forms, none of which is similar to the factionalised type that is in place today in Iraq. The most typical form of corruption in oil-rich developing countries is one-party statism, as in Saudi Arabia and Russia, where the single ruling party monopolises the oil revenues and uses them to further its own ends, which may or may not include benefitting the public. This system characterised the form of corruption in Iraq under the rule of Saddam Hussein from 1979 till 2003, which inaugurated a regime of state socialism with state-owned banks and companies and restricted scope for the private sector. Oil was a critical factor in sustaining the Ba'athist ruling group in power and funding welfare programmes in the 1980s. During this period, Iraq, like other neighbouring Arab countries, used part of its oil revenues for financing its education system

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and providing public sector jobs mainly based on patronage and state-run enterprise, reaching a relatively advanced state of well-being until the imposition of an international embargo during the 1990s, after which it became one of the poorest nations in the world. Since 2003, however, Iraq's mode of oil corruption has been characterised not by one-party rule but by sectarian factionalism, which has not been emulated elsewhere.

In oil-rich Saudi Arabia, the country has been ruled by the Wahhabi Sunni sect in a largely settled state for many years, unlike in Iraq. Moreover, the context of power and stability differs markedly from that in Iraq. Centralisation of power in Iraq of the rule of Saddam Hussein originated in conflict during the 1980s, beginning with the eight years of war with Iran and the Iraqi invasion of Kuwait. Since 2003, the Iraqi political system has radically changed into a power distribution based on sectarian affiliations designed to secure the interests of the three main sectarian groups – Shia, Sunni and Kurds and within them sub-political groups – unlike in Saudi Arabia where there is effectively only one single sectarian group. In oil-rich Indonesia, there was massive corruption during the time of President Suharto, but Indonesia has been a relatively stable country compared to Iraq, and Indonesia never nationalised its oil industry, unlike Iraq under Saddam when oil was nationalised and massive revenues were placed in Saddam's hands, and now in the hand of many factions. In oil-rich Venezuela, the scale of wealth and power and corruption is relatively small, and largely confined to a small elite (Coronel, 2006). Venezuela is also a relatively stable political system, and oil corruption during the time of Hugo Chavez served mainly to ensure that public money was directed to buy friends to support his radical left-wing political ideas, rather than serve sectarian factionalism, as in Iraq.

To sum up, it does seem that Iraq's sectarian basis of oil corruption marks it out from the practices of other oil-rich countries, and makes it an important case for study.

1.5   Outline of thesis chapters

I have divided this study into three parts:

Part I reviews the literature; sets out the meaning of the concept of corruption; outlines the theories that have been used to inform the research; explains the methods employed to gather the empirical data has been understood and carried out; and discusses the context of Iraq.

Part II comprises the data chapters on the three types of corruption in Iraq – clientelism; rent-seeking; and corruption protection.

Part III is a discussion and synthesis of the main themes of the study, including the relationship between the three types of corruption revealed in the data chapters; a comparison with other countries' experiences of corruption; and speculation about ways of eliminating corruption in Iraq. It also contains a conclusion which summarises the main findings of the thesis, and discusses its wider implications.

I outline below these parts in more detail.

Part I

Without understanding the concept of corruption it would be impossible to undertake this study, so it is essential first to review how the literature has defined corruption. Chapter 2 discusses what the commentators tell us about the definition of corruption, and what this means in the context of Iraq. The chapter shows why clientelism, rent-seeking and corruption protection are central to any compelling definition and analysis of corruption in Iraq. Chapter 3 is about modes of data collection and selection of the research strategy. The chapter outlines the research strategy and describes the two main mechanisms of data collection: key informant interviews and focus groups.

Part II

This part is about applying the conceptualisation of corruption undertaken in the second chapter, and consists of the three empirical data chapters. Chapter 4 is about clientelism, applying some important features of clientelism such as diffuseness, longevity, being collective/face-to-face, and obligatory. By using data from the fieldwork, the chapter develops a typology of the patterns of clientelistic ties found in Iraq, categorising them into two analytical dimensions: individual, and organisational, levels.

Chapter 5 is about rent-seeking. This chapter distinguishes between non-corrupt rent-seeking behaviour and corrupt rent-seeking behaviour on the basis of the fact that the latter involves artificial monopolistic practices. Corruption occurs when we see state actors, or market players, creating artificial monopolies and organising privileged forms of opportunities for

themselves. The chapter shows that in Iraq, such behaviour is not confined to a handful of isolated cases, but is widespread and systematic because it is sectarian.

Chapter 6 is about corruption protection. The feature of this form of corruption in Iraq relates to the nature of post-conflict and sectarian forms of government in Iraq. The chapter notes that corruption protection is carried out by sectarian figures to prevent any action being taken against corrupt elites for their corrupt acts of clientelism and rent-seeking. The chapter describes two contrasting modes of corruption protection: first, discrediting of other political factions by false accusation; and second, collusion between factions by corruptly conspiring to hide each other's corrupt acts – the 'solidarity of corruption'.

Part III

Part III is a synthesis of the main themes of the study (the three forms of corruption). Chapter 7 is a discussion, and Chapter 8 is a conclusion. The first section of chapter 7 is a discussion of links between these three forms of corruption in Iraq, by drawing out the contrasts and the similarities between them. The result shows that the commonality between the forms of corruption lies in the power division based on sectarian sectional interest. This discussion led me to refine my original conceptualisation of corruption; the refined conceptualisation places more emphasis on sectional interest than private interest as the motive for corruption. It concluded that any serious solution must concentrate on dismantling the sectarian structure of government and reducing the impact of the rentier effect on the economy in Iraq. This argument is based on the view that nothing short of radical change in the politics and economics of Iraq will have any hope of ending corruption. Piecemeal steps such as anti-corruption bodies cannot succeed, because they are quickly absorbed into the net of corruption protection. However, radical change requires political will and a widespread consensus across the sectarian spectrum in favour of reform, and there is no sign of that in Iraq at present, because there are too many vested interests in maintaining the status quo. Finally, Chapter 8 concludes the thesis with five sections. The first section summarises the findings of the thesis; the second section discusses the wider implications of the findings and the possibility of generalisability of the results of this research; the third section makes suggestions for further study in the light of the limitations of my research; the fourth section presents five final reflections on what can be learnt from this research; and the fifth section outlines five recommendations for policy-makers in Iraq.

1.6   Conclusion

The main aim of this introductory chapter is to establish the context and to show the rationale and motivation for carrying out this study. The above synopsis show that there has been a long history of corruption in Iraq, during which it has changed its character three times, it from monarchy to republicanism with one ruling party for over 45 years and within that one family for 35 years, and currently in being grounded in the *muhasassa* system of sectarian power-sharing. During all these periods, corruption in Iraq has been entrenched in the political system, although the extent of corruption changed according to the political rulers in power. Today, the scale of corruption has greatly increased, confirming the claim that corruption has become the second insurgency in Iraq after security.

Given the uniqueness of the Iraqi experience of corruption, it is surprising that to date, there has not been much research into it. The motivation of this study is to seek to fill this gap in research by investigating issues such as what is the basis of corruption in modern day Iraq. In this study it is argued that the central question is not about whether there is corruption in Iraq, but *what forms it take; why; and whether there is any way of eliminating it*. This required us to understand the meaning of corruption in the context in question before any examination. I will start with defining corruption in the context of Iraq, drawing from theories of corruption as understood in the literature.

Chapter 2 Conceptualising corruption

2.1 Introduction

There have been many theoretical discussions about the definition of corruption from different perspectives, but most of them reflect over-reliance on Western perspectives which lack targeting of specific contexts in countries in the Middle East such as Iraq. Also, although much literature has been devoted to theoretical discussions about corruption (Scott, 1969; Rose-Ackerman, 1999; Treisman, 2000; Montinola and Jackman, 2002; and Pellegrini, 2011), writers are reluctant to say what they mean by corruption in particular contexts. In particular, there has been little attention paid to the question of what corruption is in the Middle East, and even more rarely in the Iraqi context. This chapter seeks to understand what the theories tell us about the definition of corruption, and to what extent they have resonance in the context of Iraq.

This chapter explores how the concept of corruption has evolved in contemporary social sciences. Drawing on seven approaches for the study of corruption (which are not mutually exclusive), I will argue for a multi-theoretical or composite approach. The objectives of this chapter are threefold: First, it reviews current academic debates and theoretical definitions of corruption, in the process revealing the current state of understanding of corruption and the range of approaches to it in the literature. The literature can be categorised into seven theories or conceptualisations of corruption: (1) violation of community norms; (2) illegality; (3) public office; (4) privatising the public interest; (5) economic approach of rent-seeking; (6) political understanding of corruption (clientelism); and (7) legal concept of corruption protection. Secondly, it will be considered whether these approaches are appropriate for the Iraqi political context, and if so, why, and to what extent. Third, I will show that although all seven conceptualisations of corruption provide some valuable insights for understanding corruption in the Iraqi case, some of them work better than others in interpreting corruption in Iraq. The study suggests that the search for a definition appropriate for Iraq involves socio-political as well as economic considerations. A multi-theoretical or composite approach is selected to make use of all approaches that promises to throw light on corruption in Iraq. This composite approach avoids two pitfalls. The first pitfall is that of adopting a definition that stems purely from a western-style study of developing countries, which can be described as a form of cultural imperialism. The second pitfall is that of assuming that one theory suits all

situations, which fails to acknowledge that the understanding and perception of corruption varies greatly between countries and cultures.

Rather than imposing a falsely universally applicable definition of corruption from the outside, a definition should help explain, and engage with, the real socio-historical, political and economic circumstances of the particular place in question: in this case, Iraq.

2.2   Defining and conceptualising corruption in Iraq

> *"The arguments about corruption are scattered throughout the western political tradition but a coherent theory of corruption has never been fully articulated"* (Dobel, 1978: 959).

The central inquiry of this research requires us to establish the meaning of corruption, and the contribution of this chapter is to determine whether there is sufficient agreement on a particular definition, and if so, how far that definition can be applied to the Iraqi political context.

Several scholars have produced overviews of corruption in Iraq (Shekh Dawad, 2003; Le Billon, 2005; Looney, 2008; Williams, 2009; Al-Ali, 2014) but defining corruption in Iraq was not their main focus. Nearly all of them used the general and universal definition of corruption provided by the World Bank (WB): 'the abuse of public office for private gain' (World Bank, 1997: 8) or the broader definition suggested by Transparency International (TI): 'abuse of entrusted power for private gain'. (TI, what is corruption, no date) [18]. However, these definitions leave open the questions of what constitutes abuse, and what does private gain mean in practice? (Johnston, 2002:17). These issues can be very complex, and this raises the vital question of whether one definition fit all contexts. Can a single notion of corruption be applied to all contexts, or is corruption sui generis?

All the studies on corruption in Iraq are essentially descriptive rather than analytical and, therefore, reveal little about the definition of corruption in relation to Iraq. There are also documentary sources that provide numerous examples of corruption in Iraq compiled either by commissioners or general auditors in which Iraq has been ranked in the highest degree of

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[18] The definition available at http://www.transparency.org/what-is-corruption/#define, without providing the years and date (Accessed: 20 May 2016).

corruption compared to other countries in the region[19]. Yet, again, relatively little attention has been given in these reports to the definition of corruption in Iraq. Thus, there is a need to consider different approaches to define corruption and discuss what are their resonances in the context of Iraq.

The existing literature can be broadly categorised in seven theoratical debates. The following sections analytically engage with these debates.

2.2.1 Corruption as violation of community norms

This theory emphasises the local understanding of corruption and focuses on the moral norms of communities. Friedrich (1989: 15) believes that "corruption is a kind of behaviour which deviates from the norm actually prevalent or believed to prevail in a given context, such as political". This approach concentrates on local perceptions of corruption, which entails condemning behaviour that is considered corrupt by the local community (Walton, 2013: 65-66). Williams (1999: 504) suggests that societies define corruption as actions that "discard civic virtue and social responsibility in favour of intense competition for spoils". The types of actions that are considered as being corrupt (according to this approach) are determined by culture and communal norms. These depend on the context and positions of actors that are involved in the corrupt act (De Sardan, 1999). Typically, such acts would be perceived as immoral because they only benefit specific individuals or a particular group of people, so that such corruption essentially reflects privatised moral life.

There are two main limitations of this approach in the context of Iraq. First, it is not clear what 'community ethics' means, since communities may be divided in their orientation towards ethics, and there may be more than one community in society. Within an ethnically-divided society like Iraq it is challenging to choose the interests of one community over another. For example, in Iraq after 2003, the political elites that dominated the government, were based on their sectarian affiliations with nationalist, liberal, and religious groups (Sawaan, 2012: 114). As a result of this, the government has been divided along ethnic and religious lines. Government agency staff were not recruited through a national recruiting policy, but nepotism and hiring friends to the position of power was the norm. This split the

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[19] For instance, see the office of Special Inspector General to Reconstruction of Iraq (SIGIR), and see a series of reports on corruption at: http://www.globalsecurity.org/military/library/report/sigir/ (Accessed: 30 May 2016).

government agencies and institutions along the line of sectarian affiliations, and these agencies became power houses for particular political elites. Somebody from a particular political group or tribe or family in Iraq could ask a favour from one of his family members in the bureaucracy, if the response is positive that would be fine for maintaining their social relationship. However, if s/he is refused a favour, this would have a negative impact on their relationship.

To an outsider such patronising acts may seem like a form of corruption, but to the society in question, it may be regarded as normal and even dutiful to look after one's kith and kin. In this context, it can be argued that personal duties based on ethnic, religious, or even political ties make the behaviour un-corrupt. This social theory of corruption is relativistic – as what one society designates as an act of corruption, another society may designate as "un-corrupt". This difficulty is illustrated through following example: in many societies, acts of bribery are considered immoral acts and are condemned by the law. However, in other societies, the act of bribery rarely causes concern; instead, it is accepted as a levy on what is purchased. In an extreme case, the actions of Jews paying bribes to rescue themselves from Nazi concentration camps could hardly be described as immoral (Gardiner 2002: 31 and Rose-Ackerman, 1978: 9). Another illustration is bribery paid not to reveal information: even if there is no element of illegality or abuse of power here, this may still be classified as an immoral act. If, however, a bribe is paid to the police not to torture a suspect, this act of bribery may be justified and considered moral in one culture and not in another (Bardhan, 1997: 1321). In western political thought, torture by police is a violation of human rights and not permitted under any circumstances, whereas in many Middle Eastern societies, torture is still used for extracting information from criminal perpetrators including Iran, Iraq and Saudi Arabia.

In Islam, bribery it is considered a bad thing, and is forbidden (*haram*). Allah states in Holy Qur'an: "*And do not eat up your property among yourselves for vanities, nor use it as bait* [bribery] *for the judges, with intent that ye may eat up wrongfully and knowingly a little of (other) people's property*" (Qur'an 2: 188). Another example is the exchanging of gifts, which in some societies is seen as part of the culture -some cultures encourage people to build good relationships by giving gifts to each other. In an Islamic society, 'Gifts are neither refused nor sold', and the Prophet Mohammed said that 'exchanging gifts prevents hatred among you'. However, if the presents and the gifts have been presented because of the designation (in a governmental agency) of the recipient then these are forbidden (*haram*).

These examples show that defining corrupt acts from the perspective of social morality or immorality is a debatable issue, because differentiation between (illegitimate) bribery and (legitimate) gift giving depends on the social circumstance.

2.2.2 Corruption defined as illegality

With the development of the modern social sciences, most scholars have largely avoided the broad social morality theory definition of corruption. Instead, many of them have chosen the legal standpoint (Scott, 1972). Unlike the social morality approach, the legalistic definition of corruption is not about only condemnation of the acts but also the condition under which to justify punishing perpetrators. The criterion is straightforward; if the act is illegal, it is corrupt, even if it is not immoral; if the act is not illegal, it is not corrupt, even if it is immoral. Academics have long looked to the concept of legality to identify corruption. For example, Scott (1972: 5) states that "on a priori grounds a legalistic definition of corruption has much to recommend it, both because the illegality of the behaviour has become a part of contemporary notion of corruption and because of the very real effect of legal environment on the nature, extent, and consequences of such behaviour". Similarly, Williams (1999: 504) suggests that the modern social sciences have favoured the legal definition of corruption. This definition of corruption is closely linked to the state, and in particular, breaches of formal rules and institutional regulatory practices. In other words, the corruptibility of state officials is the main focus of the illegal theory. A corrupt act is described in legal documents set up by legislatures where corruption is defined based on corruption by government incumbents, whose corrupt acts we consider as crime. On this view, corrupt practices and crime are interchangeable terms. Typically, such crimes include bribery, fraud, extortion, embezzlement, and kickbacks on public contracts (Underkuffler, 2009: 28). Williams (2009) assumed corruption to be a criminal activity undertaken by different groups in Iraq, and he makes little attempt to explain how corruption can be differentiated from illegal activities. One advantage of this legalistic understanding of corruption as argued by Kurer (2014: 34) is that it is relatively easy to apply, in that is required merely to establish that the law has been broken. Thus, the criterion is clear and straightforward - corrupt behaviour is defined as a deviation from the certain standard of law.

However, the legal definition has limitations. Heidenheimer argues that it is too narrow, capturing only part of what most people would regard as corruption (Heidenheimer, 1978: 7

cited in Gibbons, 1989: 166). Some acts can be accounted as corrupt behaviour which do not violate the law. Take, for instance, allocations of unusual/high salary/personal expenses by high officials; given jobs based on the party/tribe/ethnic affiliations; these two acts can be largely free from any illegality because they are carried out within the legal framework. Based on the legal definition, these acts must be entirely free from corruption, yet they may be perceived by the public as corrupt acts. Thus, the legal definition of corruption can only capture some forms of corruption – those defined as crime in the society. Therefore, the problem with the legalistic approach is that the law may not cover all the forms of corruption practised by political actors.

Another limitation of the legalistic approach is that it raises the questions of what is law, and who draws up the laws? In the Iraqi political context, the law is politicised- i.e. it is made by a powerful group in Iraq which makes the neutrality of law questionable. The law in Iraq serves the interest groups in power, a single ethnic, religious and political party, or big business-persons while it represses others' demands. As Musa Faraj the former Head of the Commission of Integrity argues, corruption is protected strongly by authority and there is no rule of law because the government hindered the prosecution of corrupt, hampered the implementation of the law, and impeded the execution of court decisions (Faraj, 2015). This implies that the legalistic understanding of corruption would categorise as legal, and therefore un-corrupt, many actions that most people would regard as obviously corrupt. In other words, the definition of corruption as illegality fails to account for situations in which the law itself is corrupt. A further criticism of the legalistic approach to corruption is that the laws may not be enforced.

If the entire judicial system in Iraq is in the hands of corrupt politicians, it is somewhat hollow to define corruption as illegal activity, since no one is likely to be prosecuted for illegality. So, although there has been much discussion and reportage of corruption in Iraq, either by civil society or by the Commission of Integrity, few allegations have been brought to court, and even fewer perpetrators have been punished (see examples provides by al-Ali, 2014:196-215). This indicates that defining corruption in Iraq through the current existent laws and even if they are implemented, is difficult because of the political stranglehold on the legal system held by certain officials. Gunter (2013: 48) argues that the current corruption in Iraq is much more diffused than individual acts of illegality, and is more of an

'entrepreneurial and decentralised system of corruption.' Detecting such forms of corruption with the current legal system would therefore be hard.

2.2.3 Corruption as abuse of public office

The third definition is an administrative or public-office definition, which was prevalent in the literature during the 1960s-1980s (Williams, 1999: 505). According to Williams, the public-office approach to corruption is based on the notion of the appropriation of public assets for private interest, a definition which builds on a crucial distinction "between public and private realm" (p.505). The most common form of this definition is provided by Nye (1967: 419) as:

> "Behaviour which deviates from the normal duties of a public role because of private-regarding (family, close private clique), pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence".

Unlike the narrow legal approach, the public-office definition suggested by Nye (1967) embraces many forms of corruption including bribery (use of a reward to sway the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of inscriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private gain) (Nye, 1967: 419). Although Nye's definition does not definitively tell us what a corrupt act is, it should be recognised that Nye's work has been very influential in defining corruption, because it raised awareness of various forms/nature of corrupt behaviours. Nye identifies instances that have been recognised as corrupt acts in the western tradition, and these have been applied to the conditions in developing countries. The focus of Nye's definition of corruption is on the misbehaviour of officials by abusing their public roles for his/her 'private-regarding nature, and regarding influence'. As Nye (1967: 419) explains, his definition excludes behaviour that people find morally offensive (the violation of social norms theory of corruption) and it also excludes the subversion of the public interest theory of corruption (see next section).

It is also important to note that Nye's definition excludes types of behaviours that may be perpetrated by officials such as sexual/child abuse which is a breach of public duty but not corruption. The un-proven allegation against the former prime minister in the UK, Sir Edward Heath, is a case in point. Also, it excludes personal sexual relationship – such as the

relationship between President Bill Clinton and Monika Lewinsky, which is not corruption but a scandal and scandal is not the same as corruption (Moodie, 1989). Also, Nye's definition may exclude policy decisions made by that are contradictory to public opinion. For example, the war against Iraq by Tony Blair: he may have deviated from his political duty according to the British polls, but not for his private regarding or personal benefit. Blair's act is not corrupt but may be another form of misbehaviour such as breach of international law.

However, there are some difficulties with the abuse of political office definition of corruption. For instance, what will happen if officials used their public role not for their own benefit, but for the benefit of their parties, for example, by obtaining jobs for party members, or his/her public role to provide funds their parties organisations, their geographical electoral areas or where they were born, their ethnic and religious groups, or to garner broader political support? Which, if any, of these acts constitutes "misuse of public role?" In Iraq, it is often argued that cultural divisions such as ethnic and religious fractionalization are the deeper reasons for breach of duties – i.e. the need for sectarian appointments (*al-muhasassa*) to reflect divisions along ethnic and religious lines. Such divisions, which are not in themselves corrupt, may lead to acts which are regarded by some as corrupt because, for example, it is an abuse of public office not to give jobs to the best qualified candidates, but by others are not regarded as corrupt because they are a natural part of identity politics. The dynamics of corrupt practices are thus integrated with identity politics which are often characterised in Iraq by affiliation with ethnic and religious and party divisions. This situation was played out in West Germany, when Chancellor Helmut Kohl accepted secret donations of funds for his Christian Democratic Party, and he claimed that what he did was not for his personal interest but for the party's interest (Kunicová, 2006: 142). The definition of Nye in which he defined corrupt behaviour as "misuse of a public role because of private-regarding (family, close private clique), pecuniary or status gains…of private-regarding influence" does not cover circumstances when officials misuse their public role for their parties, ethnic or religious interests which are different from family or close private clique interests.

Another difficulty with the abuse of public office definition of corruption is whether there must be an intention to act in a corrupt way. According to Brooks (1909: 6), corruption is 'intentional action'. But there are two main problems with intentionality. First, if actions occur because of inefficiency rather than intentionality, can they be deemed to be corrupt? Take, for example, US Inspector General Stuart Bowen's 2007 testimonies to Congress about

the reconstruction of Iraq, where he noted that 'insufficiency and poor management' has been a major problem in Iraq since 2003 (Congress USA, Committee on Oversight and Government Reform, 2014). Also, the issue of the so-called purchase of aircrafts. Three million dollars per aircraft were paid by the Iraqi government, which was not worth more than US$750,000. Aircrafts were designed for a specific time, and their ultimate ages had finished in terms of time, strength and safety, and the benefits from such aircrafts was very limited (Badrawi, 2006: 172). There may be no recording any bribery, but this occurred because the procurement staff did not have enough experience and were careless. Such acts cannot be calculated purely as corrupt (intentional/underperformed act), and that might happen because of inefficiency. However, by the end, the public interest was harmed, irrespective of whether this was intentional or due to incompetency.

Another difficulty concerns the distinction between corrupt and morally dubious acts. For instance, in US politics, the practice of Congressmen who favour a legislative proposal which benefits a specific company, in return for which the company finances the Congressperson's election campaign. This act arguably could be described as an improper act rather than an act of corruption, and there is no real evidence that this occurs on a normal basis in American politics. However, it might be deemed wrong and therefore corrupt not because of personal gain but because of its corrosive effect on American political institutions. Thompson (2013: 7) called such actions institutional corruption, arguing that:

> "...when a legislator accepts a campaign contribution, even while doing a favor for the contributor, the political benefit (and any influence it may have) may or may not be corrupt. It is not corrupt if the practice promotes (or at least does not damage) political competition, citizen representation, or other core processes of the institution. But it is corrupt if it is of a type that tends to undermine such processes (as indicated by the violation of legitimate procedures), and thereby frustrates the primary purposes of the institution".

So deciding whether an act of special treatment is corrupt or only morally dubious is difficult in American politics. It is similar in Iraqi politics where acts of legislatures may be designed to support particular religious and ethnic and political parties' groups which do not entail any personal benefits, since the gain is political rather than personal. In my view, we should narrow the scope of the definition of corruption to include intentional action but exclude both inefficient and morally dubious acts.

Another complexity arises when there are not clear boundaries between public roles and private roles. For example, in China, the line between public and private spheres is fuzzy, because with government officials and entrepreneurs in China may become involved with economic activities which are neither wholly private nor wholly public (Johnston and Hao, 1995). Incomplete privatisation in China makes the boundaries between public and private porous, in which many contractual agreements have been transferred from state ownership-based enterprises to private-based enterprises, while some of them function as joint ventures neither completely privatised nor completely public (Sun, 2001: 247). A similar fuzziness can be seen in Iraq. What constitutes a public role or public office in Iraq as the post-conflict country is usually tenuous and often contested, especially where political parties or politicians have businesses, and it is not easy to determine where their public role and their private role start and end. There is much anecdotal evidence about the blurred line between public role and private business practices in Iraq mainly or partially controlled by politicians (Sawaan, 2012: 110). According to Nye's definition, it may not be corrupt in China but be corrupt in Iraq for an official to use their public role for party or personal business promotion. But if an official or politician in any country uses their discretionary power to garner broader business practices, should this not be regarded as "misuse of public role for private personal benefit?"

Even more complexity arises when we try to define private benefit. Does private benefit comprise only cash? Money is generally acceptable as a proxy for corruption (Duncan, 2006: 134), but does obtaining political support through dubious means also constitute private gain? Although Nye's definition of corruption as the abuse of public office seems neutral, it does contain value-laden assumptions about the meaning of private gain, misuse and public role. Perhaps the next definition of corruption, the subversion of the public interest, will be less equivocal.

2.2.4 Subversion of the public interest:

The above weaknesses of the social norms, legalistic and public office definitions have encouraged some scholars to consider the effects of corrupt acts rather than their status (Gardiner, 2002: 31) as the defining feature of corruption. One such approach is to define corruption as an act which has the effect of subverting the public interest. On this criterion, any act that benefits the public interest, even if it violates social norms, is illegal, and is an

abuse of public office, would not be considered corrupt (Gardiner, 2002: 31-32). Friedrich (1966: 74) enunciates this definition when he states that:

> "…the pattern of corruption can be said to exist whenever a power-holder who is charged with doing certain things, *i.e.,* who is a responsible functionary or office holder, is by monetary or other rewards not legally provided for induced to take actions which favour whoever provides the reward and thereby does damage to the public and its interests".

According to Gardiner (2002: 32), identification of corruption in such a context requires us to think about the political process. But in the political process, who decides what is in the public interest and what is not? One decision-maker could be parliament or the legislature. However, the independent voice of the parliament will depend on the structure of the political system. Take, for example, Iraq, the prime minister is constitutionally stronger than the parliament, and this creates the possibility of manipulation of parliament's verdict on the public interest by the executive power. During 2005-2009, the Iraqi parliament was prevented from exercising its constitutional obligation to exercise oversight, since it was essentially indistinguishable from government (see for more detail Al-Ali, 2014: 201-206).

If we take the view that the public interest is an objective criterion of corruption, how clear is its objective meaning? For example, it could be argued by a government that a radical opposition political party which sought to redistribute wealth from the rich to the poor was acting against the public interest: if that party succeeded in winning office, would we want to characterise its policy of wealth distribution as 'corrupt'? One person's perception of what is in the public interest may be another person's perception of the undermining of the public interest. The problem with the concept of public interest is that it may vary considerably in different settings; in particular, in divided societies such as Iraq it may be difficult to agree on what constitutes the public interest.

This may suggest that public opinion is the ultimate judge of what constitutes the public interest. However, this may also create difficulties. As Peters and Welch (1978: 975) argued, public opinion may vary between, or even within, segments of society, and as Philp (1997: 441) questioned: whose opinion should be given priority? The norms and characters of local people may differ, or they may vary in terms of class background or be culturally fractionalized, and there may be huge differences between what they say and how they behave. The different political groups in Iraq may have different interpretations of public

interest and may manipulate public office for their political parties' interests. Thus, the Iraqi political context appears to lack a clear conception of the public opinion which can determine whether or not the public interest has been subverted, so public interest alone cannot provide a suitable understanding of corruptive acts in Iraq.

Given these difficulties with theorising corruption in terms of violation of social norms, illegality, abuse of public office, or subversion of the public interest, we may be forced to abandon our search for a single, comprehensive definition of corruption, and seek instead the more modest goal of identifying forms of corrupt practice occurring in Iraq. This, at any rate, is what the next three sections propose: that there are three main forms of corruption in Iraq – rent-seeking; clientelism; and corruption protection.

2.2.5 Corruption as rent-seeking

In the late 1990s, emphasis was placed on the market-centred definition of corruption as rent-seeking. This definition was developed due to what Williams (1999: 506) called the 'corruption eruption' in developed countries. This approach coincided with the spread of economic liberalisation throughout the world. From this economic perspective, Heidenheimer *et al.* (1989: 26) offers a Van Klaveren concept of the market definition of corruption:

> "[A corrupt] civil servant who regards his public office as a business, the income of which he will, in the extreme case, seek to maximize. The office then becomes a 'maximizing unit'. The size of his income then does not depend on an ethical evolution of his usefulness for the common goods but precisely upon the market situation and his talents for finding the point of maximal gain on the public's demand curve".

It should be noted that rent-seeking is not a definition of corruption. But as Moran (2011:37) claims that "…concepts drawn from economic (such as rent-seeking) are useful in analysing and describing the mechanism of corruption…". Viewing corruption from this perspective does not offer an alternative theory of corruption, but rather focuses on the economic and political circumstances under which one form of corruption – rent-seeking - thrives. It should also be noted that just as rent-seeking does not cover all forms of corruption, so not all acts of rent-seeking are corrupt. Corruption and rent-seeking are not synonymous terms. Although certainly there is a large overlap between them - and that is why the terms have often been used interchangeably (Coolidge and Rose-Ackerman, 1997: 2), it is wrong to assume that rent-seeking is necessarily corrupt (Svensson, 2005: 21). Thus, we must discuss which types

of rent-seeking are not corrupt, and which are corrupt and why. Broadly speaking, the definition of corruption from the perspective of rent-seeking is confined to areas where the government or any officials or companies are involved in artificial monopoly (Rose-Ackerman, 1978; Klitgaard, 1988; Lambsdorff, 2002)

In some competitive models in the market, profit seeking or entrepreneurship or income maximisation are described as profit rent-seeking, and such competitiveness may be wholly productive. From the traditional economic perspective, persons seeking to maximise the present value of their income are likely to produce desirable social results (Buchanan *et al.*, 1980: 3-4). Profit-seeking activities by, for example, butchers and bakers, produce beneficial results for the community. Such profit-seeking as an activity, from the ideal market order, has produced results which would not be deemed by any participant as a socially bad activity. In other words, the social benefit of this activity will exceed the private marginal benefit. So there is no corruption in these kinds of rent-seeking.

On the other hand, in some political systems, some groups within a society may organise themselves as special interest/pressure groups in order to increase their influence in distributional outcomes. According to Mbaku (2000: 195) this process of attempting to impact on the public policy outcomes is called rent-seeking if it entails obtaining some advantages denied to competitors. As Hartle (1983: 539) explains, rent-seeking is:

> "[A]n investment of real resources undertaken by individuals or groups (coalition) of individuals with similar interests in the expectation of: obtaining an increase (avoiding a decrease) in their income wealth as a result of securing (blocking) changes in legal right; or maximizing the benefit (minimizing the cost) of earlier policy changes that created non-exclusive right".

This can be observed in sectoral economic activities such as foreign exchange, where licences are given to actors who are engaged in some aspects of economic activities which serve to create a 'rent haven' that can be captured by mainly businesspersons. Here, the fight for privilege can be called rent-seeking, (Hutchcroft, 1997: 640), and it is an activity that may be precipitated by interest groups either legally by lobbying, or illegally by paying bribes (Rose-Ackerman, 1999: 15-24). This is a practice which is alleged to take place in many western countries such as the USA, where it results in politicians making laws in favour of special interest groups who have pay-rolled their electoral victories. Also, in some developing

countries, urban groups have access to government price controls in which they try to fix foodstuff prices below the market value (Mbaku, 1994), and as a result, large amounts of wealth may be transferred from poorly organised people to small politically-connected elites or to relatively well-organised urban groups. Rose-Ackerman (1999: 15-24) adds cases in the lobbying process when rivals attempt through regulations to hamper any potential competing actors in the market or give bribes to hassle their rivals. Which, if any, of these acts of rent-seeking is corrupt, is arguable, and for some commentators, depends on applying one or more of the four criteria of corruption discussed in previous sections (violation of social norms; illegality; abuse of public office, and subversion of the public interest), though most people would probably agree that if bribery is involved, corruption has occurred.

However, my view is that the distinguishing feature of rent-seeking is monopolistic behaviour. Corruption in the form of rent-seeking is confined to areas where the government or officials or companies are involved in creating an artificial monopoly (Klitgaard, 1988: 43-47; Williams, 1999: 507). The difference between non-corrupt rent-seeking behaviour and corrupt rent-seeking behaviour lies exclusively in the fact that the latter involves monopolistic practices. Corrupt rent-seeking means creaming off income or wealth by illegitimately exploiting some monopolistic advantage. It may be argued that, rent-seeking is corrupt if it arises from a monopolistic situation, regardless of whether it violates social norms, is illegal, abuses public office, or subverts the public interest. We may condemn corrupt rent-seeking behaviour more if it falls foul of the above criteria, but we should consider it corrupt rent-seeking either way.

This understanding of corruption is highly applicable in Iraq, for two main reasons. The first reason is related to the transformation of the Iraqi economy by the issue of 100 orders by decree in 2004 by the Coalition Provisional Authority CPA (Whyte, 2007).[20] The purpose of these orders was to transform the Iraqi economy from a state enterprise-based economy to a market-oriented-based economy – a shift that was considered the best solution for eradicating its endemic corruption. Bremer (2006) argued in his book (*My Year in Iraq: The Struggle to*

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[20] These orders have established the pillars of a market-oriented economy in Iraq: the abolition of state production and commodity subsidies; the eradication of import tariffs and trade barriers (Order 12); the deregulation of wage protections and the labour market (Order 30); tax reform (Order 37); monetary reform and reforms in the banking sector (Orders 18, 20, 40, 43, 74 and 94); the establishment of international trade rules based on the World Trade Organisation (WTO) model (Orders 54, 81 and 83); and the privatisation of state enterprises (Orders 39, 46 and 51). The regime was founded on the principle of 'trickle down' economics: the idea that wealth can be created and development stimulated by creating favourable terms of investment for private capital (Whyte, 2007).

Build a Future of Hope)[21] that the CPA should prioritise the abolition of state subsidies because these distort the Iraqi market and offer ample scope for corrupt rent-seeking. He believed that the Iraqi economy had hitherto been based on a 'false premise' of repression of market forces. However, Bremer's installation of a market economy had the opposite effect of that intended, and provided new opportunities for widespread corrupt rent-seeking, as outlined below.

According to Dr Madhar Mohammed Salah (the former vice-governor of the Iraqi Central Bank and current adviser to the Iraqi Prime Minister for economic and finance affairs), "the free market system allows individuals and companies to convert hard currency abroad for the import of essential goods and basic services for the country". He explained that "some of the decisions issued by the civil administrator Paul Bremer, including the abolition of the monitoring department in the Central Bank of Iraq, which was responsible for the transfer of funds abroad, facilitated the processes of corruption and bleeding hard currency from the country" (Salh, 2016). Liberalising the Iraqi economy without institutional arrangements to control corrupt rent-seeking simply led to corruption. The CPA did not sufficiently acknowledge the danger that the sudden opening up of Iraqi economy to the market and deregulation may increase corruption rather than decrease it. In this respect, Salah and Hassan (2008) argue that the colonial period has the main responsibility for the prevailing corruption through offering opportunities for multi-national companies to invest in Iraq, without taking into consideration the social values and international standards in contacts. Thus, the liberal development of the economy has opened up wide new areas to the possibility of corruption in Iraq in the form of rent-seeking.

The second main reason why rent-seeking is such a key form of corruption in Iraq is oil. As an oil-rich country, the Iraqi budget since the 1970s has been mainly generated from oil and nearly all the government's activities are financed by oil. This predominantly oil rent-based economy has had a huge and adverse effect on Iraqi politics. This impact has been compounded by the considerable difference between the value of the oil resource, which is very high in Iraq, and the cost of extraction which is very cheap in Iraq compared with other

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[21] L. Paul Bremer III, an American diplomat, was chosen by the Bush administration to act as civil governor of Iraq and supervise the reconstruction of Iraq after war 2003. He arrived at Baghdad in May 2003, and he became chief of CPA and he remained in Iraq until June 2004, following the formation of the Iraqi interim government.

oil-rich states[22]. This makes decision makers irrationally optimistic about the future, and leads to low tax rates and a generous welfare programme, which clearly benefits the population, at any rate in the short-term. Because citizens are not unduly taxed by the government in Iraq (there is no income tax in Iraq), citizens have little desire and no active mechanisms to bring to account corrupt behaviours, and this situation reduces the accountability of the government to the citizens (Zaini, 2012 and Beblawi, 1990). This enables politicians to exercise authoritarian power, which makes them more susceptible to misdirection and rampant corruption (Al-Janabi 2013).

Although citizens benefit from negligible taxes, the main beneficiaries of the oil-based economy in Iraq are the elites. Rent-seeking behaviour among politicians in oil-rich countries, in which the rents that come from the oil are used as a means to benefit elites instead of investing in public goods, is a familiar story (Karl, 2007). When the money is not coming from taxes, politicians, market actors and individuals have a great incentive to capture resource rent (Kolstad and Søreide, 2009: 216). Opportunities for monopoly rent-seeking are seized by different groups, including companies in collusion with the government and political actors. One Iraqi scholar Sawaan (2012:110) describes the various forms of such rent-seeking:

> "Amassing wealth illegally by blackmailing working members of society – pushing them to offer bribes in the form of donations or gifts in return for services provided by government (such as the granting of licences, permits, forms of insurance, loans and contracts); or in return for offering a given company the protection of the state; or granting a company priority and preferential treatment over other companies or by conferring privileges of monopoly through with which a company can eliminate competition; or conspiratorial tax exemptions or exemption from meeting environmental standards and work regulations".

Dr. Adil Abdul Mahdi, the current Iraqi oil minister, in a seminar in Baghdad on 6 February, 2016 said that "there is internal networks and mafias that have the influence upon and control of the Iraqi economy, and these groups are benefited from the distribution of oil income of the state." Such rent-seeking has been

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[22] The cost of per barrel production in Iraq fairly stands at US$10.7 on average. See the average marginal cost of oil per barrel: http://www.skynewsarabia.com/web/Image/816219/816218; see also http://www.argaam.com/ar/article/articledetail/id/404685 (Accessed: 25 May 2016).

converted to an industrial scale by the radical change in the political situation in Iraq from a single ruling political party to a sectarian-based political system after 2003.

However, corrupt rent-seeking is only one of the three forms of corruption in Iraq. The second one is clientelism, which is the subject of the next section.

2.2.6 Corruption as clientelism

One of the main reasons why the extent of corrupt rent-seeking in Iraq is so huge is because of the sectarian system of political decision-making, whereby different ethnic and religious groups share out opportunities to obtain oil rent. This sectarian system is founded on the principle of clientelism, which is a political form of corruption in Iraq, by contrast to the economic form of corruption which is rent-seeking. In this section, we explain what clientelism or political corruption involves, and how it should be framed in the context of Iraq.

The concept of political corruption is bound up with the character of the political process, the nature of political life, the legitimacy of power formation, and the source of the political parties' votes within the society. Political corruption is integrally linked to the enhancing of political parties' interests, which lie in building up, sustaining and enhancing an entire system of hegemony within society rather than personal enrichment. Mbaku (2007:12-13) pointed out that "political corruption refers to the subverting of the national laws and institutions in order to build political parties, political machine, and help politicians capture and retain leadership positions in the polity political system". Philp (1997: 458) said that "most commonly, political corruption involves substituting rule in the interests of an individual or group for those publicly endorsed practices which effect an ordered resolution to conflicting individual or group interests". Quite often, this type of corruption is used to help incumbents maintain a monopoly of, and sustain themselves in, power.

Political corruption, which is sometimes regarded as synonymous with patronage, invariably entails a patron-client relationship, in which high level politicians are called patrons while people who are involved in relation to them at a low level are called clients. The most common definition of patron-client used in this respect is provided by Scott (1972b: 92) who states that:

"The patron-client relationship –an exchange relationship between roles – may be defined as a special case of dyadic (two-person) ties involving a largely instrumental friendship in which an individual of higher socioeconomic status (patron) uses his own influence and resources to provide protection or benefits, or both, for a person of lower status (client) who, for his part, reciprocates by offering general support and assistance, including personal services, to the patron".

However, what is the nature of the patron-client relationship that is relevant to clientelism or political corruption? In the above definition, does the notion of patron-client relationship include nepotism and paternalism, and if so, are these notions entailed in clientelism or political corruption? The answer to this question is that clientelism is a political concept, so that any form of client-agent relationship that does not have a political dimension is not part of clientelism. However, what does a political dimension mean? One answer to this question is "when the benefit of misuse flow to the tribes, ethnic and political parties, actions are corrupt when they increase the status and political power of the corrupt officials" (Kurer, 2014: 33). Another answer is provided by Weingrod (1968: 379), who labelled patronage an exchange relationship conducted mainly for political purposes; he claims that "patronage refers to the ways in which party politicians distribute public jobs or special favours in exchange for electoral support. The political party- a formally organised group- in the major unit in the use of the term" (p. 379). Thus, clientelism/patronage as a concept is always a form of political corruption, and in this respect is different from nepotism and paternalism[23].

At its root, nepotism refers to kinship or family behaviour and entails using power/influence to confer unfair advantages on members of a person's own family, especially by giving jobs (Oxford Dictionary Online, no date). By contrast, clientelism refers to politicians and entails allocating public resources to the client and non-client in exchange for the political benefit of maintaining political support (Kurer, 1993: 260). This gives *clientelistic* ties more diffuse

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[23] Distinguishing between patronage and clientelism is the subject of endless debate. Many scholars use the terms interchangeably. Some defined patronage as building exchange relationships based on providing public sector jobs in return for political purposes such as buying votes (Robinson *et al.*, 2006). According to Stokes (2007, p. 606) patronage mainly relates to vote buying and is a sub-class of clientelism. For Hicken (2011), clientelism is more than an exchange relationship based on providing only jobs but includes a range of exchanges such as goods, services and other material rewards. In this sense, clientelism is broader than patronage. Also, Hicken argues that patronage can be exercised only by politicians in office, whereas in clientelism politicians may or may not be office holders. Clientelism may make sense in Iraq because some political parties become owners of the assets and companies due to the exploiting of public assets (see the next chapters). Thus, different authors may rely on different distinctions between clientelism and patronage but they generally consider that patronage is narrower than clientelism, and can be considered as one form of clientelism. So in my view clientelism makes more sense to be used than patronage in the Iraqi context.

relationships than the close interpersonal relationships characteristic of nepotism. Also, nepotism imposes only a vague duty of reciprocity on the person benefitting from a favour and the two parties may be in a relationship of equality, whereas clientelism imposes a specific obligation on the benefitted person to provide tangible political support; and is characterised by an unequal relationship between giver and receiver.

Clientelism also differs from paternalism. Paternalism concerns primary economic institutions related to the organising relationship between the subordinate and the owner of the means of production (Abercrombie and Hill, 1976: 413-414). Subordinates or peasants need resources such as land, seeds, and technology, as well as protection from insecurity. In return for these benefits, peasants provide labour, gifts, and commitment. Such relationships build a mutually trusting environment in which the other party tries to fulfil the commitment towards subordinates, and it generally lasts for a long period of time. There are some common features shared by clientelism and paternalism. For example, clientelism is a long-lasting relationship, involving a series of interactions and a range of exchanges between two parties over the long-term. Moreover, clientelism is not equal bargaining, but the unequal negotiation between one person in a higher power position, and another party of lower status. And clientelism may not be only voluntary connection but there may be some sense of obligatory as well. However, clientelism is fundamentally different from paternalism in that it is a political not an economic relationship. Clientelism is not usually or mainly found in an economic institution; the relationship within clientelism is not mainly based on economic ties confined to the means of production but is characterised essentially as a political exchange relationship and a sense of political obligation on the part of the inferior party. As Hopkin (2006: 3) points out, under "this new, 'mass party' clientelism, patrons have to 'buy' votes by distributing concrete excludable benefits and favours to individual voters or groups of voters". Although there may be some economic implications within clientelism connections, in that a political exchange relationship may have pecuniary value (Kurer, 1993: 260), clientelism is essentially a political phenomenon. Clientelism is also a more face-to-face relationship than paternalism.

The final question about clientelism as a form of corruption is whether it is applicable in Iraq. In Iraq, the literature of corruption focuses very much on the tradition of family, gift giving, and tribal solidarity. What is less discussed is sectarianism as a form of clientelism. But it is clear that in the Iraqi political context, being able to offer public jobs and positions has

become common, which is entirely different from the past. The new form of political system is more factionalised than before, based not only on religious and ethnic divisions but also political party lines because some particular groups are attempting to secure or remain in power for a long time. Such clientelism based on loyalty towards a specific political group, religion, or ethnicity, provides evidence of political corruption on a vast scale. For instance, elites can seize public sector positions or jobs, which are awarded on the basis of loyalty to sects, parties or ethnic groups. This means that the nature of political life and the legitimacy of power formation are linked to a pattern of corruption in the politics of Iraq. In my view, clientelism is the pivotal form of corruption in Iraq, because it lies at the heart of its sectarian distribution of power from which all other forms of corruption flow. Yet very little attention is paid to clientelism in the literature.

2.2.7 Corruption as corruption protection

If rent-seeking is the economic form of corruption in Iraq, and clientelism is the political form of corruption in Iraq, corruption protection is the legal/judicial form of corruption. 'Legal' here does not refer to the legal definition of corruption mentioned above but to something that has arisen during the last decade in Iraq - corruption protection - which has occurred in organisations entrusted with power to fight against corruption. In this section, I argue that anti-corruption strategies have become areas for reproducing a new form of corruption - corruption protection. Corruption protection in Iraq operates through protecting suspected officials, who are affiliated to different rival groups in power, from prosecution for the acts of corruption carried out by them. It is a systematic attempt to evade accountability for acts of corruption. This subsection is an examination of the ways in which the work of anti-corruption bodies has been undermined by corruption protection carried out for personal or political party purposes.

There is a growing literature on anti-corruption, but the literature does not explicitly address the notion of corruption protection. The nearest that commentators get to the concept of corruption protection is the literal politicisation of anti-corruption processes, which is discussed by (Lawson, 2009; Di Puppo, 2010; Belloni and Strazzari, 2014). What these scholars show is that corruption in many post-conflict societies is so pervasive that it corrupts the actors that make use of anti-corruption institutions in order to reinforce the power of senior officials/or parties in power (Orjuela, 2014 and Belloni and Strazzari, 2014). However, politicisation of anti-corruption efforts does not in itself constitute corruption. It entails

control over anti-corruption institutions for political purposes, but this control may not necessarily be corrupt. Corruption protection goes much further than politicisation of anti-corruption institutions: it entails systematic manipulation of these institutions to pervert and undermine the course of justice to protect corrupt associates from punishment and to prosecute un-corrupt enemies. So corruption protection is actually a new form of corruption. As Rahim al-Ugaili, the former head of the Commission of Integrity in Iraq, puts it, as anti-corruption efforts have become a means of committing corruption (Al-Ugaili, 2016). Initiatives for reducing corruption are supposed to change corrupt practices, but anti-corruption process in Iraq since 2003 have become a political power play for reproducing corruption. Indeed, behind the outward manifestations of many corrupt acts, their lies a web of corrupt networks which exist to protect the perpetrators of corruption from being brought to justice. So resources that have been set aside for reducing corruption are actually being manipulated to shield the corrupt from being identified and punished. Anti-corruption institutions have simply created new opportunities for further corruption.

Behind corruption protection lies the *muhasassa* system. The process of anti-corruption efforts in Iraq generated tension between groups in power in that each group makes claims and counter claims over the direction of anti-corruption efforts. Judgments about bringing suspected members to justice has led to the emergence of the corruption protection, since each group attempts to protect its members from prosecution. This entails groups both protecting their members from corruption charges launched by other groups, and colluding with these other groups to protect each other's' members from prosecution for corruption. The sectional division of power based on *muhasassa* has generated a system which serves to prevent action being taken against corrupt elites. The process of preventing each other from allegations has cost billions of dollars, resulted in the burning of hundreds of dossiers of corruption. So, anti-corruption efforts have now themselves become a part of the system of corruption, and have taken their place in the conceptualisation of corruption in Iraq.

Finally, I argue that the concept of corruption protection is more precise and can help us in this understanding much better in the context of Iraq than arguably term of politicisation of anti-corruption efforts. Thus, the interrogation of the concept of corruption protection is important because like other forms of corruption anti-corruption has become a fundamental problem for corruption. In the absence of definitions of corruption protection in the literature,

I will define corruption protection (as a form of corruption) 'an action carried out to prevent perpetrators of corruption from being brought to justice'.

2.3 Conclusion

In conclusion, I want briefly to address four problem areas in the question of the definition of corruption. The first issue is that we have to draw a distinction between corruption, on the one hand, and inefficiency and improper acts on the other hand. Both inefficiency and improper acts can be harmful and wrong, but they are different from corruption, because corruption involves an intentional action to directly subvert official duty. However, what is an 'official duty' in Iraq? In Iraq, 'official' refers to the formal authority of the official government, *al-sulata al-amma* in Arabic and *Dasalti Gshti* in Kurdish (meaning governmental power in both languages). However, there is a difference between 'official' in English and *gshti* in Kurdish and *al-amma* in Arabic as both of these latter terms have come to be understood as 'public' rather than 'official.' Therefore, in what follows, I will differentiate between two terms, using 'official' to refer to governmental power, and 'public' to refer to what is for the public good. Corruption relates to the latter.

Second, what constitute the misuse of official power? In my view, a political standard rather than a legal standard should be used to determine whether any official duty is misused in Iraq. What constitutes a political standard, or who decides when there has been 'abuse' of such a standard, is, however, a matter of interpretation. One explanation of what constitutes a political standard is that public opinion/public interest determines what constitute misuse. However, as we argued above, different political groups in Iraq may have entirely different interpretations of the public interest. The problem with the concept of public interest is, therefore, that in divided societies it may be difficult to agree on what constitutes the public interest. An alternative explanation of what constitutes a political standard is provided by the public office definition of corruption, which is based on the notion of the misappropriation of public assets for private interest. However, the fuzziness between rulers' private and public interests means it is hard to find where their official role and their private role start and end. Further to this, other issues in Iraq make it hard to reach a clear criterion to specify the abuse of the political standard, including post-conflict tensions, extreme insecurity, risk of violence, and fractionalized political power between various groups. Fairness is a frequently-invoked term in relation to whether an act is corrupt. However, an immediate objection to this

criterion of a political standard is that if an official illicitly used public assets but fairly distributed them to the people, this would not be corrupt. So the definition of public good in terms of a political standard remains elusive.

Third, what constitutes private gain? The corrupt act is both for private gain, and the abuse of an official position. However, corruption is not always for private gain: some forms of corrupt acts seem to be for party political/ethnic and family advantage rather than private personal interest. Perhaps the word 'sectional' rather than 'private' should be used to overcome this objection. However, 'sectional' is a heavily-loaded term: an advocate of party in Iraq could claim that the success of his party was not just in the sectional interest of the party, but in the interest of the whole of Iraq. Sometimes corruption means private gain, but at other times it means sectional gain.

Fourth, can the notion of corruption travel to different contexts? In other words, is there a universal concept of corruption? All the above theories have their own historical, conceptual baggage, and a single concept cannot alone provide a satisfactory definition of corruption not just for Iraq but elsewhere. No one-line definition has never been devised as a satisfactory universal definition of corruption. "This mainly reinforce that corruption must be set in a political context" (Moran, 2011: 36). In answering how corruption should be defined in the context of Iraq, we must seek for an answer in which each of the different theories provide some insights, though some more than others. Does this mean that Iraq needs a unique or alternative understanding of corruption because Iraq has its own character differs from different part of the world? I would say no, but we need to adapt theories of corruption to the Iraqi context to reflect the experiences that it faces. This approach avoids two pitfalls. First is the pitfall of adopting a theory that stems purely from a western-style study of developing countries. Second is the pitfall of assuming that one theory suits all situations, which fails to acknowledge that the understanding and perception of corruption varies greatly between countries and cultures. By making an explicit connection between context and approaches to corruption, we can see that three particular forms of corruption - rent-seeking, clientelism and corruption protection- are distinctive to Iraq, and offer more understanding of corruption there than any others.

Williams (2000) said about defining corruption, it is an exhausting process, and in the end, perhaps, corruption lies in the eye of the beholder. Alternatively, we might adopt the view of Tanzi (1998: 564) that corruption is like an elephant: while it might not be so easy to

describe, it generally is not so difficult to identify when observed. Or perhaps we can agree with Brooks (1909) that corruption is an intentional act for more or less private gain, defining private gain by means of a variety of standards including public interest/public duty/sectional interest. In fact, reaching a precise definition of corruption is an unending process, so we have to draw a line somewhere despite uncertainty. Warren (2004) argues for the concept rather than definition, but nevertheless, the conceptualisation of corruption can be proposed as a definition. The issue has been highlighted in this chapter as shortcomings of a narrow definition of corruption. The concept becomes harder to use and with much less consensus.

Overall, the chapter, has explored how the concept of corruption has evolved in contemporary social science, and after considering seven approaches to the study of corruption (which are not mutually exclusive), I will argue for a multi-theoretical or composite approach. The chapter has framed corruption in analytical but relatively broader term in the case of Iraq. Not only labelling corruption as a single activity but highlighting a patterns of behaviour, certain political, economic and legal dynamics, which is a more nuanced approach compared to the traditional approaches. Our definition of corruption for Iraq is "behaviour which takes advantage of privileged access to public resources to obtain a personal or group benefit through monopoly rent-seeking, clientelism or corruption protection"'. Unlike a narrow approach to the study of corruption, the study's approach embraces many acts that can be classified as corruption such as clientelism (the provision of a benefit to someone which is worth more than their abilities/merit); rent-seeking (which is to use state power to make an artificial monopoly and appropriate public resources for purposes that serve personal or sectional interests); and corruption protection (action taken to prevent perpetrators from being brought to justice, thereby undermining the system of accountability and judicial system for the benefit of an influential group). The next steps of this research explore the ways in which this definition of corruption is played out in Iraq.

Chapter 3   Methodology

3.1   Introduction

The aim of this chapter is to outline the research strategy of the thesis, explaining the methods used to collect, organise, and analyse the data. Section one highlights the rationale and research strategy. Section two explains the choice of sampling framework and methods for data collection, especially key informant interviews and focus groups. Section three outlines the data organisation, data analysis, ethical considerations, positionality of the researcher; and limitations. Section four is about the secondary data material used, including official and legal documents and press reports. Finally, conclusion and summarising the key messages of the chapter.

3.2   Research strategy

In this research, I chose to employ a qualitative research approach, rather than the quantitative approach that is used by the World Bank WB and Transparency International TI for measuring corruption[24]. As Langseth (2006: 14) notes, the qualitative approach is used to provide an assessment of the nature and typology of corruption, how corruption occurred, and what are its causes, whereas the quantitative approach is used to measure the degree of corruption at a country level or particular sector level. In my case, I was interested in studying the nature and typology of corruption, how and why it occurs, and what might contribute to it in Iraq. In other words, my focus was on the reality and causes of corruption, rather than calibrating its extent statistically. So, to deeply investigate the way corruption operates in Iraq, I chose to employ a qualitative method, and the study heavily depends on qualitative data collected from key informants (KIs) who belong to the economic and administrative elite, and from focus groups discussions (FGDs) with journalist investigators

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[24] Different methods have been used for gathering data about corruption, the two most influential of which come from the World Bank and Transparency International. The World Bank (WB) is responsible for the World Wide Indicators (WWI), which covers six main areas of governance: voice and accountability, political stability, regulatory quality, the rule of law, government effectiveness and control of corruption; for more detail see: http://info.worldbank.org/governance/wgi/index.aspx#reports. (Accessed: 13 February 2016). Transparency International (TI) is responsible for the Corruption Perception Index (CPI), which measures the perception of corruption. The TI index, which is the more famous measure, assesses the perception of corruption on a scale of 0 to 100, where 0 refers to a country where all transactions and relations are corrupt, while 100 refers to a country free from corruption. A questionnaire-based survey designed by TI and conducted among business people for measuring their perception of corruption provides the data on which the CPI assessments are made; for more details about the TI Corruption perception Index see: http://www.transparency.org/cpi. (Accessed: 13 February 2016).

and NGOs. In the next section, I will discuss both of these qualitative modes of data collection.

3.3   Modes of data collection

Owing to the sensitivity of the topic of corruption, the principles of anonymity and confidentiality are crucial. There are guides to ways of accessing delicate situations (Horwood and Moon, 2003) and researching topics related to the revelation of information which politically may be considered to be sensitive in nature (McCosker *et al.*, 2001). These guidelines place emphasis, in particular, on the ethics of confidentiality in approaching people, and on the vulnerability of both the researcher and the people being researched. The logistics of researching such a controversial topic as corruption were therefore very complex. I have used two modes for data collection - key informant (KI) interviews and focus group discussions (FGDs).

3.3.1 Key informant (KI) interviews

> *"the mechanics* [of elite interviews] *can be taught; but ultimately, interviewing, like sailing, cooking, or playing the piano, is a form of artistic achievement"* (Peabody *et al.*, 1990: 452).

In carefully planning my fieldwork, I had to bear in mind the following considerations in approaching KIs: (1) sampling framework; (2) targeted groups; (3) methods of data collection; and (4) Skype, phone calls and face-to-face interactions.

3.3.1.1 Sampling framework

Bryman (2008: 458) argues that in qualitative research the main aim is to conduct in-depth analysis, and that obtaining a representative sample is less important than obtaining a purposive sampling, whereby the researcher interviews anyone who is relevant to the research question or topic. Nevertheless, in a country like Iraq, researching such a topic as corruption has to take account of the factions in the government lines, in order to maintain a balance between the views of different factional groups. I considered that ethnic/religious and political parties' backgrounds were important for my research because I saw that one major cause of corruption in Iraq was its fractionalization across sectarian lines: including ethnic religious and parties' lines. Through using snowballing, I reached 15 KIs from Arabic

backgrounds, including senior decision-makers such as oil ministers and vice oil ministers and members of the Integrity Commissions and MPs from the Integrity Committee and members of the Supreme Auditing Institution. These interviewees were, however, distributed among various religious and political backgrounds. I found it difficult to ask questions like 'which sect of religion do you belong to?', and 'which political party are you affiliated to?' One senior Kurdish official asked me not to raise the issue of religious and political identities because officials from Shia and Sunni communities do not like that. Often, after friendly discussion, I was able to work out whether an interviewee was Shia or Sunni. But I worried that without asking them about their religious backgrounds, I might not get a sufficient number of Sunni respondents, which was one of my key concerns before beginning the fieldwork because of the difficulty in reaching them given the IS-occupied Sunni areas in Iraq.

The rest of my KIs were Kurds, 25 in total. In Kurdistan also, there was division across parties' lines reflecting variations in the region. According to Beamer (2002: 86), the advantage of elite interviews is particularly appealing at the sub-national level due to the abundance of variation among subjects and ready access to them. I tried to reach all of the influential political parties in the region, including the Kurdistan Democratic Party (KDP), the Patriotic United Party of Kurdistan (PUK), the Movement for Change (Gorran), the Kurdistan Islamic Group (KIG) and the Kurdistan Islamic Union (KIU) as well as some independent figures who were actors from both federal and regional levels including high-rank officials, MPs on the Finance and Oil and Gas Committee, the Commission of Integrity, and the Supreme Auditing Board. A brief glossary of these institutions, roles and organisation is given in chapter 6 on corruption protection. As long as I reached all important Iraqi factions, the information that I obtained sufficiently reflected the principle of proportionality.

3.3.1.2 Target groups

According to Beamer (2002: 87), when the researcher has a clear understanding of the research topic and concepts, a decision can be made what type of people are needed to be interviewed. The targeted groups depend upon the research question, and upon who has information that this research question requires. I have hypothesised in chapter 1 that Iraqi corruption has two distinctive features: it was driven by (1) the fractionalization which gave rise to sectarian quotas corruption; and (2) the rent-based economy. Based on that hypothesis, two principal types of actor were targeted for data collection. The first type are KIs who are

responsible for checking and balancing oil revenues and expenditure, which mainly means actors belonging to various political factions in power, such as senior figures in Supreme Auditing Institutions, and members of the Integrity Committee in Parliament and the Public Integrity Commission. The officials in these bodies were important because they have been involved in dealing with corruption at different government levels. Some of them were from the Finance Committee and the Oil and Gas Committee in parliament where they are belong to different political parties.

The second type of actor are the KIs who are in the oil sector as their primary source of income, interviewed in order to determine whether the rent-based economy has been an incentive for corruption in Iraq during the last decade. This type of KIs were chosen due to their connection with power and policy making and their easy access to information either at regional or national level. They were also chosen to examine what are the rentier effects in Iraq and how oil and oil money have been used. Interviews were carried out with figures from high-level decision-makers including ministers, vice ministers and bureaucrats as well as from the Finance Committee and the Oil and Gas Committee in parliament where they belong to different political parties.

These two groups of actors were chosen in order to investigate whether fractionalization or the rent-based economy has played the primary role in fostering corruption. Another aim of carrying out interviews with these targeted groups was to make sure of covering a variety of opinions among politicians, bureaucrats, independent bodies and MPs from different groups in Iraq including Shia, Sunni and Kurds, as well as the variation of views within political parties and religious sects in both parliament and government.

3.3.1.3 Gaining access

Finding the ways to reach these two targeted groups of potential interviewees was difficult. Contacting elites is far more complicated than contacting non-elites, especially in Iraq, where chronic insecurity creates many barriers to approaching politicians. As Welch *et al.* (2002) argue, gaining access to elites is often restricted, and researchers commonly need to approach elites formally and well in advance. Requests for reaching potential interviewees need to go through multiple gatekeepers and sometimes screening bodies. Acceptance by the elites is the first step towards obtaining elite interviews, but establishing trust with elites in an insecure situation like Iraq is very difficult.

I followed Peabody *et al.* (1990: 453)'s observation that gaining access to elites needs considerable patience, persistence, and a strong ego. To speed up the process, I used mediators such as Kurdish MPs because I am Kurdish which often made it easier to communicate with them, and my PhD scholarship is provided by the Kurdistan regional government, so the Ministry of Higher Education (MHE) in Kurdistan provided me with a letter of support which showed my institutional affiliation as a member of the university staff before becoming a PhD student. I mainly used MPs because they were easier to access than high ranking officials with busy schedules.

For some members of the elites, it took me one or two weeks to get a decision on whether s/he would be able to participate in this study. Taking advice from Peabody *et al.* (1990: 453) that the researcher should arrange a personal visit if repeated efforts to phone were ineffective, I personally visited two of the elites in their offices, and I got their assent to be interviewed. However, my personal visits did not work for other targeted interviewees. Another technique that I used was to capture them through their friends. I used senior lecturers at the University of Sulimanyah to help me contact them because some of the elites who were in the government or MPs, were previously lecturers in the university. This was a very time-consuming process.

3.3.1.4 Recruiting KIs

Different approaches were used to recruit my KIs. Before travelling to carry out my fieldwork, I prepared a letter of invitation for interviewees, and when I got a response from KIs, I attached a letter which contained a participation information sheet (See Appendix A). In the letter, I introduced myself and my topic and questions that I wanted to ask, and my supervisors' contact details, in case any KIs wanted to contact my supervisors. I started with Kurdish-speaking KIs, who were easier for me to communicate with, and these interviews were carried out face-to-face in the Kurdistan region. After each interview, I asked the interviewee to provide me with contact details of others, in particular Arab people in Baghdad or elsewhere in Iraq – i.e. using the snowballing technique to recruit more interviewees. I found that establishing trust was very important in order to obtain contact details of other potential interviewees.

Some KIs did not have time for face-to-face interviews, so I provided them with my Facebook, Skype, and telephone contacts detail inside the letter. However, through Facebook

and emails I received few answers, and such techniques in Iraq did not work effectively. So I realised that the KIs were very busy, and they did not have time for checking their emails. I started to call KIs directly at their office to make appointments for interviews. The phone calls were very effective but still some KIs said because of their busy schedules, they would not be able to speak face-to-face or over Skype. In some cases, I conducted interviews through phone calls. Thus, I found that it was very hard to reach KIs. Often, when I reached them, it was not easy to gain their trust. Also, speaking with them about such a sensitive topic as corruption was an even more difficult task. I found some KIs before conducting their interviews with me had contacted the Kurdish KIs who had arranged interviews for me, to make sure who I am and what is the purpose of my research. This was said to me by one Kurdish MP. I became aware of the difficulties of recruiting the Kurdish KIs in the first place and how I had to treat them in a respectful manner because they were sometimes the only channel for arranging further interviews for me. Thus, snowballing was a very effective means for recruiting KIs, but it needed careful handling.

3.3.1.5 Methods of data collection: semi structured interviews (face-to-face and Skype call)

I tried to remain neutral, basically, by framing my questions in a neutral way, and avoiding leading questions. There were two rules that I observed in approaching this aim. First, I was lucky enough to be trained by Prof Anthony Zito, who is director of post-graduate research at the Politics Department at Newcastle University, and he taught me some basic skills about remaining neutral in conducting interviews with elites about sensitive issues such as corruption. Prof Zito's advice was when you realise the respondents are good communicators with you, recognise in his/her facial expressions whether you can ask more precise questions on the sensitive issues related to your topic. Second, following the advice of my supervisory team, I tested my questions in the Politics Department with friends and lecturers. These two pieces of advice made me re-think about my questions, again and again, to be more neutral and avoid leading questions.

I conducted mainly semi-structured, and occasionally unstructured, interviews. Two factors were instrumental in using semi-structured interviews in this research. The first is related to the topic of corruption, which needs flexible and open questions, because the topic is so sensitive that closed questions may make elites respond in a defensive manner. The second

factor related to elite's ideas on their propositions for resolving such issues: openness about the questions was essential to encourage elites to speak more openly. Unstructured questions, as noted by Berry (2002: 679), are riskier than semi-structured questions, but potentially the most useful type of interviewing, provided the interviewer knows when to probe and how to formulate follow-up questions on the fly.

The first KI interviews were difficult, because I found it a tough task to meet people in high positions and open the topic of corruption. Following advice provided by Peabody *et al.* (1990: 453), however, I learned to break the ice by looking around the house or office and to comment on the photos and maps or other folklore things which were important to the elites. This made it easy to embark on the interviews. Also, many of the elites asked me about my research and university and other things such as my scholarship and what will be my job after the PhD. I tried to keep the opening questions neutral and avoided leading questions, in order to give the interviewees opportunities to provide relevant information unprompted by me (Peabody *et a*l., 1990: 452). I usually started with very indirect/general questions with KIs, following the advice of Beamer (2002: 92), who noted that asking a general question allows interviewees the opportunity to volunteer perceptions and to talk freely. For instance, I asked 'what do you consider to be the greatest challenge in relation to the good governance of Iraq, and why?' I used the strategy of follow-up questions as suggested by Kvale (1996: 124-143), repeating what interviewees said about an issue, and replying with what Kvale calls 'probing' questions. For example, having asked what would be a big problem of good governance right now in Iraq, many interviewees said corruption, security, and division across ethnic and religious lines (sectarianism). From there I asked so you mentioned corruption, can you explain what corruption is? Then I asked why were there such particular forms of corruption? I had a list of ten questions (see Appendix B), but my questions were not followed in the order they appeared on the list, though all my questions were asked. Sometimes I picked up the words expressed by my interviewees. Two tactics were used in asking probing questions, following the recommendation provided by Peabody *et al.* (1990: 452), who said do not start with a question of which you know the answer, and try to have much background information on the issue. On the latter point, I read the press/literature to have as much information as I could on the issue of corruption and on the background of the interviewees. I also followed advice from Leech (2002: 666) to avoid using "Do you think?' and "Tell me about" questions. Instead, I used 'what' and 'why' and 'how' for eliciting more details.

Probing questions are of two kinds. The first kind is designed to gather more depth about the issue under discussion, while the second kind is designed to take the interviewer down an uncertain path. In the latter case, the researcher has to decide whether the subject has offered a distracting digression or an interesting new avenue to pursue. Leech (2002: 668) recommended repeating the words used by interviewees, especially their key terms, because this shows you are paying close attention to what the interviewees said. Following this advice, sometimes I picked up the words expressed by my interviewees. Leech also recommended avoiding asking 'what do you mean by that?', because it makes the interviewee shift the conversation out of their own verbal comfort zone, and treat you as an outsider. Instead, I learned to prompt the interviewee to explain what they meant by asking a hanging query like 'you mentioned monopoly and rent-seeking?' To which the interviewee typically would say 'yes, monopoly of rent by political parties, and the way of doing is…', or 'yes, buying affiliation by groups in power and providing ghost jobs', to which I would respond with an exclamation, such as 'Buying loyalty, ghost jobs! Ohh, interesting'. Or if an interviewee said 'this occurred in X organisation and by Y political party', I would say 'you mentioned Y and X, is there anyone else?'

I took advice from the university ethical team not to mention the word 'corruption' but to use euphemisms as prompts unless a clear case was made for using the term explicitly. The term 'corruption' is not specifically referred to in the written documents supplied to interviewees. For asking more sensitive questions, following the recommendation provided by Leech (2002: 666), I waited until the end of the interview to ask more sensitive questions, such as their personal experience of corruption. Following the advice provided by Anthony Zito (you should read faces during communication to see whether s/he is open to you) I postponed such questions until the respondents became relaxed – e.g. laughing with me and drinking tea and coffee. Then, I asked question like 'what kind of personal experience have you had with corruption when you were in office/MP?' Asking this kind of question enabled me to find out about new forms of corruption that have been experienced over the last decade in Iraq, particularly related to mutual accusations of corruption, and in some cases solidarity of corruption towards each other.

In some cases, interviewees themselves raised additional and complementary issues, and I did not like to interrupt them by pre-determined questions. Rather I listened to them and paid attention to their feelings. Some interviewees considered themselves as victims of corruption

and others tried to absolve themselves from corrupt deals. It was not my job to judge whether these assertions were true or not, but as a researcher I only listened to them. Instead of checking the validity of their assertions, my focus was on interacting with their feelings. I followed Bryman (2008: 447) in giving interviewees opportunities for reflecting and amplifying their answers. Some of them liked to talk and talk. When one of these talkers reached a case related to particular types of corruption, I stopped him and asked follow-up questions, but still I could not control his/her assertions. Some interviewees just wanted to express their dislike of other groups – i.e. to make accusations and thus, through this process, new forms of corruption were found (such as corruption protection).

Following a recommendation by Leech (2002: 665), I also presented myself as having little idea about the subject and the context of Iraq. One interviewee (we were sitting in his house) said to me are you really from this country or have you ever lived in Kurdistan? Because in relation to many issues raised by him, I replied I had no idea about the issues, this made him talk more about the topic.

Self-reflection also played a major role in my fieldwork interviews. Following the guideline and tips provided by (Bryman, 2008: 444-445), after each interview, I asked myself whether the information provided by the KI was useful for my research question or whether he/she was so talkative that he/she did not allow me to ask questions; or whether he/she was nervous in revealing sensitive cases; or whether she/he was happy with the place; or whether he/she opened up in the interviews? Also, during the weekend (Friday in the Middle East) I took one day off for reflection on what I should ask in my next interviews – i.e. what were now the most important issues.

Although many interviewees were conducted face-to-face, I approached some elites via telephone or Skype calls where some elites were not available to conduct interviews face-to-face either because they were in Baghdad or outside Iraq. Although I used the same questions and the same manner for interviews conducted over Skype and phone, I found face-to-face interviews much easier, more interactive, and better to establish trust and obtain richer data. Skype calls were better than phone calls, because I could see the interviewees.

Finally, the point can be drawn about elite interviews that in researching the nature or forms of corruption, conducting interviews with elites was essential because they have much more to say than non-elites about corrupt conduct. Also, their relation with power and their access

to relevant information is not something which other people have. So without sampling the views of the elites (especially in anti-corruption bodies) who are the persons most aware of corruption in Iraq, the data would be deficient.

3.3.2 Focus groups

This section examines the use of focus groups discussions (FGDs) on the sensitive topic of corruption. It considers the ways I approached the focus groups participants and the issues raised in the FGD exercises. The aim of this section is twofold. The first aim is to explain the reasons for using FGDs. When conducting interviews with KIs, it became clear to me that they felt uneasy about some probing questions, and FGDs promised to provide insights into the depth and practical cases of corruption which were inaccessible in elite's interviews. Also, FGDs enabled me to explore the views of external observers such as journalists and NGOs on corruption in Iraq –views which were not available in elite's interviews. The second aim is to explain the process of conducting FGDs on corruption in Iraq with journalists and NGOs. These two aims are covered in five issues that I encountered in FGDs: (1) the unique value of FGDs for corruption investigations; (2) the targeted groups; (3) the number of groups, group sizes, and group composition; (4) the selection of participants and recruitment processes; and (5) the running of FGDs and the role of moderator

3.3.2.1 The unique value of FGDs for corruption investigations

Crucially, focus groups differ from KI interviews in that instead of asking probing questions of one individual at a time, focus groups encourage individuals to challenge each other. I found some difficulties in challenging elite KIs to respond to probing questions, because some of them felt uneasy in my probing and digging around the subjects. As Kitzinger and Barbour (1999: 4) say, focus group participants challenge each other by asking questions and commenting on others' experiences and views on the topic in question. According to Krueger and Casey (2000: 7) "focus group is important for self-disclosing", as participants may find it easier to respond to their peers than to an interviewer (Hoppe *et al.*, 1995: 102-103). Because of this, focus groups have been used widely for researching sensitive issues. For instance, Cohen *et al.* (2002) carried out focus groups among professional people in the health care system to examine the extent of transparency in the pharmaceutical sector in Costa Rica. They organised six focus groups involving doctors, nurses, and pharmacists. Also, focus groups were chosen by Miller *et al.* (2001), to study the perception of citizens at street level

to examine their experiences of corruption in their relationships with the officials in post-communist society in Eastern Europe.

3.3.2.2 Targeted groups

Following Cohen *et al.* (2002), it is hard to convince professional people in the anti-corruption institutions to participate in a discussion to reveal and share with others particular information about corruption cases that are under investigation. Also, it is hard to find people who are actually involved in corruption and convince them to join a focus group, or perhaps find people who are victims of corruption to share it with others. If I followed Miller *et al.* (2001) and asked ordinary citizens whether officials are asking for bribery in return for accessing services, since my research investigates corruption in Iraq related to the sectarian and rent-based economy, it would be hard for citizens at the street level to understand these broad issues of corruption. Instead, given the political focus of this study, the focus groups were chosen from the particular category of people most closely related to the topic, following the recommendation provided by Bloor *et al*. (2001: 19). Because of the political stand of this study, I chose external monitors (checkers) such as journalists and NGOs for focus groups in order to create an evidence-based conversation by professional people outside government officials.

3.3.2.3 Number of groups, group size, and group composition

There are three issues here: (1) how many groups were needed? (2) What size should the groups be; and (3) how homogenous should they be? On (1), ideally, there should be more than one focus group. According to Bryman (2008: 477), it is unlikely that one focus group is sufficient for data collection since participants could be from only one particular group. However, involving too many focus groups could be wasting time. The optimal number of groups ranged between three or four to fifteen (Kitzinger and Barbour, 1999: 7). Tonkiss (2004: 199) argues that the point of focus groups is to provide qualitative data and find different perspectives on the topic, rather than reach a representative sample of participants. While some research by its nature requires a representative sample of people, focus groups participants are selected based on their significant relation to the research topic. Two focus groups were carried out in this research. The first one was with journalist investigators, who were mainly oil and economic reporters, chosen because of their understanding of the rent-based economy on corruption and what forms of corruption had links with the rentier state in

Iraq. The group of journalists were chosen after reviewing their profiles on LinkedIn or Facebook and their investigations of corruption in the whole of the country. The other focus group was with NGO members who were selected based on their experiences, works and speeches on the issue of corruption in general. The reason why I did not organise more focus groups was that there were not enough people in this province who have first-hand experience and information to carry out three or more group discussions. I would have liked to do more, but the place I did my research restricted me to one geographical area. For the sake of viability and safety, I was not able to travel to Baghdad to conduct more focus groups with other journalists or NGOs from the rest of Iraq. I approached people there by Skype to carry out one-to-one interviews instead of focus groups.

On (2), the size of the groups, Bloor *et al*. (2001: 26-27) argued that the nature of the topic and the character of the participants will determine the optimum size of the group. Morgan (1995: 517) argues that some topics by their nature require small size groups. For example, when the topic is complex, fewer participants have more opportunities to both compare and give details about their stories. Finch and Lewis (2003: 190) cautioned about the size of the group in researching sensitive subjects, arguing that it is important to enable discussion by sharing experiences of 'everyone in the same boat'. Thus, I chose small size groups, on grounds that a small group is thought to facilitate discussions by many scholars who have much practical experience. Also, a small group may have an advantage for the topic of corruption, because negative expressions could be expected by members, and a small number of people uttering negative views was manageable. In addition, participants would be more likely to express their views more openly in a small group.

On (3), the composition of the groups, the issue here is how homogenous or heterogeneous the groups should be. Which option would work for a topic such as corruption; homogeneity with every participant knowing each other? Or heterogeneity with everyone being unfamiliar with each other? One view is that it would be better to be unfamiliar with each other, in order to avoid consensuses and agreement between group members on the topic (Tonkiss, 2004: 201-202). However, the other view is that knowing each other is more common in FGD research because homogeneity is always advisable in researching sensitive issues (Bloor *et al*., 2001: 31). The point about homogeneity in researching sensitive topics, as argued by Hoppe *et al*. (1995:106), is to create an atmosphere of friendly discussion conducive to talking which may not work between strangers. I found that in homogenous focus groups, members felt

safer to express their views more openly to each other. The principle I followed, therefore, was sharing experiences between people who were already acquainted with each other either through working together on the same issues or socialising with each other. This familiarity allowed both groups' participants to talk without fear.

Moreover, mutual trust was essential in focus groups. Given the sensitivity of the topic, to avoid the harm that could occur from breach of confidentiality required that all participants trusted each other's discretion. This is because leaking such information by any members of the group discussions could have serious consequences in a society like Iraq and Kurdistan, characterised by deep divisions and insecurity as well as conflict. Some scholars believed that it would be better to have informal focus groups with friends and relatives before the real focus group (Hoppe *et al.*, 1995: 108; Kitzinger and Barbour, 1999: 13). So, before getting involved in my focus groups, I tried some group discussions with my friends at home, on topics such as their social life and space, and political participation. These trial runs helped me to prepare for the real focus groups. So I learnt a lot from my mock focus groups, including that small size works better in keeping information securer than in large size groups.

3.3.2.4 Selecting participants and recruitment processes

Careful steps were taken to select participants from the ranks of journalists and NGO members in Iraq, because the topic of corruption required a particular kind of participant. The main difficulty was to find journalists and NGO members who were knowledgeable about corruption, but were not members of the political parties in power or worked for newspapers run by political parties. In fact, I used three criteria in selecting focus group participants. First, they had to be well-informed about corruption in Iraq – e.g. reporting on the issue of corruption, or promoting transparency by NGOs. Second, they had to be independent of political parties. Third, they had to span a range of different journalistic roles (e.g. oil reporters and economic reporters) and different NGOs.

Recruitment was carried out in a number of ways. I contacted two journalists before going to the fieldwork, via Facebook, and both agreed to participate. Two other journalists were recruited after I read their reports about the issue of oil smuggling between Iraq and Kurdistan region in the local newspaper - I contacted them personally, and both agreed to participate. On NGOs members, one member of an NGO was recruited when he published a report on oil royalty and mismanagement, and I contacted him via Facebook where he agreed

to participate. Another important channel for recruiting other NGOs and journalists came at two conferences held in the Kurdistan region. One conference was on anti-corruption held by a Commission of Integrity on 9 December 2014, which was the anniversary day of fighting corruption in the world. The other conference was on the oil and gas sector run by NGOs including issues related to the environment and transportation in November 2014. I went to both conferences and met many potential focus group members who agreed to participate. However, I was very worried that not all who promised to participate in the FGDs would turn up on the day of group discussions. I followed the advice provided by Morgan (1995: 517-518) that the researcher should over-recruit for participants, and make repeated contact with participants. I found that additional phone calls and contact via Facebook were very effective. I often kept in touch with them to remind of the day of the focus groups and the venues.

Another practical step was reaching an agreement between them to find a common venue for carrying out the focus groups. According to Kitzinger and Barbour (1999: 11) "Ideally, the room needs to be quiet and comfortable, free from interruptions and protected from observation by those not participating in the research". In addition to this for a topic like corruption, focus groups required a safe place, free from any cameras and recording devices as well as outside observers. The first focus group was with the journalists, held at the office of the one local newspaper where all members were happy. It was a quiet place and staff members had finished their work, and the discussion was run after 4:00 PM. The venue was offered by one member of the focus group. However, for the NGOs focus group, we had difficulty because there was not agreement between the participants. Finally, they all chose a venue in a kind of coffee shop where a special room was booked to carry out the second focus group with NGOs.

3.3.2.5 Running the focus groups and the role of moderator

One problem with the NGOs focus group members was that five people who had agreed to take part failed to turn up on the day. Another problem with the NGO focus group members was that after the first 20 minutes one member was informed that one of his family member was in hospital and he left. So the NGOs members who remained were only three people. With the journalist focus group members, one of them had been invited to a TV programme on the same day, and he left after 45 minutes. So the journalist participants became four people.

Running focus groups is hard for any research project, but, for a sensitive topic it is even harder. Therefore, running such group discussions required having some skills. Tonkiss (2004: 204), provided some helpful guidance, such as "facilitating discussion, enabling space for different group members to make their views know, keeping the group discussion focus around the core themes, dealing with dominant or inappropriate voices, and sustaining a space of discussion that ensures key topics are covered without constraining or rushing the talk". In addition to this, the university ethical committee advised me to follow some basic simple ground rules, which I read to the members before discussion began: Appendix (A) lists these ground rules in a participation information sheet.

The duration of the two focus groups was much longer than the 90 minutes maximum that was originally planned: the NGO focus group took two hours and a half, while the journalist focus group discussion took two hours and twenty minutes. However, this included a break for smoking and refreshments. Following the recommendation by Kitzinger and Barbour (1999: 13), I tried to encourage participants to interact in the discussion, but not to dominate the discussions. I also followed the advice of Bryman (2008: 480) that a moderator should raise points that are related to the research topic, but are not picked up by participants.

Finally, asking questions in focus groups is different from doing so in KIs interviews. Following the advice provided by Hoppe *et al*. (1995: 107), I found that fewer questions should be asked in the focus group than in KI interviews, to allow more probes. Also, the interests of the participants should be taken into account rather than asking the list of the questions (Morgan, 1995: 520). Following these rules to stimulate discussion, I often pursued an issue that arose from the discussion even if it was not the core of the issue. From there I directed the discussion back to the research interest. Appendix (B) lists the questions that were asked in the focus groups.

To sum up, my focus groups' experience of data gathering was positive, the groups generated data that gave me an insight into the forms and nature of corruption of a practical kind which simply was not possible in elite's interviews.

3.3.3 Some common issues between KIs and focus groups:

There were common points between KI interviews and focus groups which I will categorise into data organisation; data analysis; ethical consideration; positionality (position of the researcher); and limitations.

3.3.3.1 Data organisation

After returned from my fieldwork, I began transcribing and translating the interviews and focus groups into English. As noted by Berry (2002: 679), this is a hard part of the research: indeed, it was the most difficult task that I have ever undertaken. The first thing I had to consider was whether the interviews and participant's speaking in the focus groups should be totally transcribed and translated word by word (verbatim), or whether they should be only partially transcribed and translated. Mostly I chose the verbatim option. Although many consider transcription as very time-consuming, I would say it is worth the time because this engagement helps to deepen familiarity with the interview/focus group's material.

In respect to interviews, I had obtained 40 interviews, and the process of transcription and translation took about four months to complete them all. For most interviews, I transcribed and translated the whole of the recordings, but for some interviews, I omitted parts which were not relevant to the topic. In the latter cases, I listened to the tape to identify the main areas of interest, and then only part of the interviews was chosen to transcribe, summarising the rest of the interviews. Thus, I chose both partial and full transcriptions. Twenty-five of my interviews were conducted in the Kurdish language which was not very difficult to translate into English because Kurdish is my first language. Fifteen of my interviews were conducted in the Arabic language, and transcribing and translating them into English was a difficult task for me. Some of the interviews took three days to translate fully into English. In the process of translation, I had many difficulties, such as what they mean by the words and what exactly is the best expression in English. Fortunately, some of friends were willing to help me find better words in English to reflect the meaning. I asked native Arabic speakers, in particular: I have some Arab friends in the UK some of whom study linguistics. So the process of finding the right English words for Arabic words was much easier for them than me.

With respect to the focus groups, I transcribed and translated the whole of the recordings, following the same practice as the interviews. I found that focus groups transcriptions and translations were relatively easier because both focus groups were conducted in the Kurdish language which I do not find difficult to translate into English.

3.3.3.2 Methods of data analysis

After I finished all the transcriptions I started my analysis of the data. There are many ways of analysing data, but I chose the common mode of qualitative data analysis which is thematic analysis. King and Horrocks (2010: 149) state that the 'term theme refers to the patterns in the data that reveal something of interest regarding the research topic at hand'. As noted by Braun and Clarke (2006: 78), "thematic analysis should be seen as a fundamental method for qualitative analysis". However, two questions arise: why I chose thematic analysis; and what I am going to do with it. On the first question, why I choose the thematic approach, my answer is that I have already set out what my research questions are, based around the three main kinds of corruption (clientelism, rent-seeking and corruption protection), and interview answers to these research questions constitute the main issues of my study. Analysing these issues is a thematic exercise, because I distributed questions across each of the main three themes. On the second question, what I am going to do with the thematic approach, Braun and Clarke (2006: 82) state that 'a theme is something important about the data in relation to the research question, and represents some level of patterned response or meaning within the data set (Braun and Clarke, 2006: 82). However, how do we establish the themes that are held within the data? Braun and Clarke (2006: 82-86) provide three criteria for identifying themes. First, repetition of words or concepts by many interviewees/member of the focus groups indicates a common theme. However, this is not necessarily the case; some words or concepts may be given a considerable amount of emphasis in some interviews/members of the focus groups but little or none in others. Whether or not they are themes depends on the nature of the research and researchers' judgment - thus flexibility is needed in this respect. The important point here is not about the frequency of repetitions but about whether the topic captures something relevant to the overall research question. This is the second criterion – i.e. the involvement of the researcher in making a choice about which topics should be included as themes, and which should be discarded. This means that identifying themes is not an objective process, but a subjective process of using one's judgement to discriminate between topics of greater and lesser

significance for the research. The third criterion is to ensure that, although some degree of overlap between themes is unavoidable, themes must be distinct from each other. To ensure distinctiveness, the researcher must provide detailed and nuanced accounts of each theme within the data set.

The next stage was to generate codes. Coding is a means of classifying interview/focus groups material under the chosen themes and sub-themes to enable the researcher to comprehensively cover all references to them. As Braun and Clarke (2006: 86) put it, the '…code is extracted from the data that you are analysing'. To extract the codes, I read the interview/focus groups transcripts twice or sometimes more, highlighting the texts to focus on what was important in understanding the view of interviewees and members of focus groups, their experiences and their perceptions about the issue of corruption and what forms of corruption were important to them and why and who was involved in it and at what levels. I labelled these passages with single and short phrases, from which a list of candidate data codes was produced that reflected the basic and repeated patterns of themes across the whole of the data set. Then, I put them into NVivo to make clearer distinctions between candidate themes and sub-themes. However, not all candidate themes became themes or subthemes.

There are various alternative ways to present the thematic analysis; some researchers number the themes; others follow a tree diagram division between main theme and sub-themes. I used a mapping out approach, simply mapping out the main theme and then linking it with other sub-themes. I tried not to complicate the issue by over division of patterns of themes and sub-themes, but kept it as simple as possible.

The next stage was to refine themes and sub-themes, to determine whether they cohered with the study's aims and research questions. After I had reached a relatively satisfactory system of thematic framing, I worked out which theme is about what analytical dimension of the three forms of corruption and why. Then, I refined them again and put them into NVivo to go beyond describing the relevant feature of the themes, and focus on interpreting the meaning of participants' accounts. As argued by Morris (2009: 212), the focus of the study should be on the meaning of the assertions rather than on judging them.

The next stage was to organise the way the themes would be presented in the data chapters. On this issue, King and Horrocks (2010: 150) argue that the degree of hierarchical relationship should be taken into account in which the main theme encompassed the sub-

themes. Bearing in mind this idea, for example, I followed the main theme that comes up within the issue of clientelism, which was 'buy people's affiliations', and this main theme of buying affiliation incorporates sub-themes in multiple levels such as buying affiliation at the individual level, and the organisational level (such as NGOs). Also, on the rent-seeking issue, the main theme was 'monopoly', and this incorporated sub-themes of people who were involved in monopoly such as state actors, and market actors. For the corruption protection issue, the main theme was to 'prevent perpetrators from being brought to justice', and mechanisms or sub-themes included the solidarity of corruption towards each other, and mutual accusation.

Finally, all of these overarching themes and sub-themes were mapped to link with the two variables of the rent-based economy and sectarian division in Iraq in order not to lose the coherence of the study but to link all its elements together. Also, throughout the process of data analysis, I provided examples in the literature of what I am doing and what is different in my research. By providing such depth analysis, I show what unique forms of corruption have been experienced in Iraq, and how they have taken place and why. As a result of all this analysis, I understood that fractionalization (sectarian appointments- *muhasassa*) and the rentier effect (rent-based economy) are the two main and distinct causes of corruption highlighted by both interviewees and focus groups.

For data from the focus groups, I followed the transcription and translation as I did with KIs, but in analysing data, the group discussion rather than the individual was the unit of analysis (Tonkiss, 2004: 205). According to Kitzinger and Barbour (1999: 16), the researcher should take into account the balance between group discussion and individual voices. Accordingly, I attempted to distinguish between group discussions where the group reached a consensus on points, and the distinct points made by individual participants.

3.3.3.3 Contrast between data provided by focus groups and KIs

The difference between individual interviews and focus groups is not a simple question of confidentiality versus openness, or details versus generality (Tonkiss, 2004: 196). One interesting feature of the information provided by focus group discussion is that dynamic discussion and sharing their experiences uncovered perspectives and nuances of the issues that were unlikely to be available through KI interviews. This is in part because the focus groups participants were practically experienced in investigating cases of corruption and they

published reports about corruption. Also, some of them were involved in investigations into oil smuggling and some specific cases were discussed. NGOs revealed that buying affiliation (clientelism) does not only matter at the individual level but also at the political group, family, and head of tribe level. Regarding rent-seeking and monopoly, NGOs discussions revealed many issues related to the monopolisation by political parties in oil activities and brought examples of the companies under different names. However, on the issue of corruption protection, there was no additional insight. Specifically, the focus groups allowed us to understand why some forms of corruption are more prevalent than others. This observation agrees with Stewart *et al*. (2007) that the distinctive characteristic of the focus group tool is that it allows for interactive discussion through which data are generated, which leads to a different type of data not accessible through KI interviews.

In interview discussion, I could not challenge elites about whether the information provided is true or not, and also elite interviewees are afraid to reveal something that reflects badly on their positions and their political parties. In some cases, I developed discussions with a KI interviewee about cases of corruption in abusing power regarding a contract by one official but in the middle s/he said I cannot tell you the detail. For ethical reasons, I stopped digging around the subject when an interviewee was not happy to speak about it. However, dynamic discussion within focus groups such as journalists and NGOs often resulted in argument with each other's views, and this led to new details of cases of corruption being revealed. This kind of information I could not obtain with KI interviews. Also, focus groups produce collective narratives that go beyond KI perspectives to generate a group perspective on the issue discussed. Information on corruption was checked and re-evaluated, providing more contextual features, especially with the journalists' discussion. For example, a case was discussed in the group discussions about a political party giving jobs to its members, and one of the journalists talked about a case which he personally investigated. This shows how focus groups allow participants to probe and follow up the reasons behind certain perceptions. Also, focus groups monitor the opinions expressed by group members, which provides an important quality check on information, which is again not evident in KI interviews (Hennink, 2014).

3.3.3.4 The position of the researcher

Being Kurdish helped me to recruit many KIs and members of the focus groups, but in some cases it was very challenging for me, in particular, with Arab speakers. Although I am familiar with the context, and I know the Arabic language very well; however, I experienced some hostility from Arab speakers who were reluctant to speak with someone who is from the Iraqi Kurdistan region but is not going to Baghdad to conduct interviews. I called some Arab interviewees, and they asked me 'why you are not coming to Baghdad, as you are conducting fieldwork in Iraq?' My justification was the security situation because of the occupation of the middle of Iraq by ISIS, which meant that the road and other forms of transportation were completely cut between Baghdad and the Kurdistan region. It was thus a hard situation for me, since on the one side, I considered myself as an insider because I am from the country, but on the other hand, given my background as a Kurdish speaker and from the Kurdistan region, I partially consider myself as an outsider from the rest of Iraq. As argued by Desmond (2004: 263) I understood my position as 'in-between-ness'.

The downside of such in-between positions is that participants may be suspicious of the identity of the researcher and purpose of their research (Lundy and McGovern, 2006: 76). This happened to me personally, when some interviewees (even Kurdish elites) were suspicious about what the purpose of my research was and what my political identity was. It is worth noting, however, that first, that as Hermann (2001: 79-82) argues, few researchers are complete outsiders, but often have some insider characteristics. Second, that although being an insider brings some advantages such as familiarity with the context and language which makes it easier to obtain first-hand information and primary data, it also has drawbacks. For example, being an insider brings emotional baggage, and it may impact on your analysis, because in a divided setting it may prevent access to another side of the community. In the region where I conducted my interviews I considered myself as an insider, and by religion and nationality I could consider myself as Iraqi and as an insider. So the extent to which I was an outsider was quite limited, but probably sufficient to enable me to avoid the subjective bias of insider-ness. Researching a topic such as corruption is, of course, particularly difficult for a complete insider who is a member of a society where corruption takes place and is related to all groups in Iraq.

3.3.3.5 Ethical considerations

Researching the topic of corruption in a corrupt society raises many ethical considerations. The researcher is ethically responsible and accountable for data obtained on corrupt practices perpetrated by political groups in power during the last decade in Iraq. This responsibility includes a duty to protect the identities of the participants. It also includes a duty to remain detached and neutral and free from subjectivity and bias (Lundy and McGovern, 2006: 51). Another duty was to avoid pressurising participants to make statements that they were uncomfortable with. If I discovered that the interviewees felt uneasy about some questions I posed, I often changed the topic to another issue. Then, slowly I returned to the main subject with some focused questions in an attempt to steer the conversation back towards where I wanted it to go, namely, towards revelations about corruption. Some interviewees still did not give information about the questions I posed, and said I already answered your questions, please ask new questions. I understood then that I would never get a full answer to the previous question, but that things may not go as you want in fieldwork. So I stopped talking about things that interviewees were not happy to talk about.

I was absent physically (face-to-face) during interviews with some Arab speakers in Baghdad in which I conducted interviews via telephone calls and Skype, and it was not so easy to interact with them and ask sensitive questions. In these cases, following the recommendation provided by Leech (2002: 666) I approached the subject with a positive attitude, and showing myself as friendly but curious. One way of doing this was to say 'you have made some genuine advances or singular achievements in your political life in the way you have been tackling the issue of corruption. Is corruption still a big issue in Iraq and why?' From there some useful information was generated, and ethically, there was nothing wrong with this approach.

Ethical issues were also involved in recruiting potential interviewees, which took a long time. In accordance with standard research practice, I prepared a participation information sheet which made clear to my interviewees what my research was and how I will use the data in my research and dissemination of my research. I made clear to KIs that it was up to them to decide whether or not to take part, and that they can end the interview at any time without affecting any benefits that they are entitled to: they do not have to give a reason. They also have the right to allow or disallow further use of any information they may have already

provided at any time. Finally, at any time without giving a reason, they were free to withdraw from the study altogether, by notification to me via email or phone. This information was included in both the consent and participation information sheets (see Appendix A) contained this information. It is worth noting that many of my interviewees agreed to record their voices and to allow their names to be mentioned in my research, while others declined either to be recorded or have their names mentioned.

All of them, however, trusted me to conduct interviews with them, though some were cautious because of their unfamiliarity with this type of research, and needed me to clarify what I am going to do with the data and what will be my job in the future. Here, the Newcastle University ID card was very helpful, along with my ID card at home as an employee at the University of Sulaimanyah in the Kurdistan region: both IDs were very useful to confirm that I will work at Sulaimanyah University when I finish my research. Another important strategy in my participation information sheet was to say that I am studying the quality of oil governance or good governance, rather than explicitly stating corruption. This strategy was chosen based on the recommendation of the university's ethical approval committee, in order to make interviews feel relaxed in the first place. I would argue this should not be considered as misleading my interviewees, because all of them indicated that Iraq has a problem with corruption.

Another important ethical issue is awareness of the harm which the researcher might unwittingly cause for either those who participated in the research or more broadly, anyone who may be affected by the research. Although, as argued by Lundy and McGovern (2006: 52), there is much disagreement over the meaning of the word 'harm', and over how harm may be interpreted, the general awareness is that social research can have significant consequences for those being studied.

In researching the topic of corruption, this meant I had to be particularly careful to ensure anonymity and to protect the identities of my participants. In total, I interviewed 40 KIs, of which nine were senior officials, seven were advisors, 13 were MPs, four were high independent commissioners, four were private sector employees, and three were NGO representatives. These interviewees were distributed among various ethnic and religious and political backgrounds. For example, 25 KIs were Kurds, divided between the Kurdistan region and Iraqi federal levels. Some of the KIs were MPs from the Iraqi federal parliament and officials from Iraqi federal government, while others were independent figures who were

actors at both federal and regional levels: I interviewed 6 Kurdish MPs in the Iraqi federal parliament and one Kurdish official in the federal government: these seven were A.N. and H.K. MPs from the Commission of Integrity; A.R. and S.H. from the Finance Committee; A.H.B. and B.H. from the Oil and Gas Committee; as well as M.A. a high Kurdish official in Baghdad. In the Kurdistan region there was also a division across parties' lines reflecting variations in the region. I tried to reach all of the influential political parties in the region, including the Kurdistan Democratic Party (KDP), the Patriotic United Party of Kurdistan (PUK), the Movement for Change (Gorran), the Kurdistan Islamic Group (KIG) and the Kurdistan Islamic Union (KIU), and I interviewed five MPs in the Kurdistan parliament from these five political parties, including A.M.N and A.H.S from the Gorran party, S.J. and N.L.A from the Islamic parties and R.F. from the PUK party. Also, I interviewed officials from Kurdistan region including, A.A. and K.C. high commissioners in the Kurdistan region; A. R. and N. N. T. senior advisers in the Kurdistan regional government; and H. J. and M.A.A and D. A. and D. R. current/retired high officials from the Kurdistan regional government. In addition, I conducted interviews with independent figures in the Kurdistan region including, M.K., head of a personnel consultancy company; F.A., an independent commentator and head of an institution for economic research; and M.Z & A. M., from the independent private sector.

The rest of my KIs were Arab speakers, 15 in total. I found it was difficult to ask questions like 'which sect of religion do you belong to?', and 'which political party are you affiliated to?' One senior Kurdish official asked me not to raise the issue of religious and political identities because officials from Shia and Sunni communities do not like that. Often, after friendly discussion, I was able to work out whether an interviewee was Shia or Sunni. But I worried that without asking them about their religious backgrounds, I might not get a sufficient number of Sunni respondents, which was one of my key concerns before beginning the fieldwork because of the difficulty in reaching them given the IS-occupied Sunni areas in Iraq. I interviewed four MPs from the Iraqi parliament, one of whom (Y.U) frankly said to me 'I am Sunni'. Another MP (S.S.) was from a city in the south of Iraq where the overwhelming majority of the population are Shia and he represented a Shia party in parliament, so it was clear to me that he is from the Shia sect. But the two other MPs (S.W. and A. S.) could not be seen to belong to either the Shia or Sunni sects. Also, I interviewed six current/retired officials from Iraqi government, including T.G and I.B.U two former ministers in the Iraqi government and currently both of them are working in the politics in

Baghdad. I worked out that I.B.U. was from the Shia sect but I could not know about T.G. Also, I interviewed H. J. who was a former advisor of one Iraqi minister and currently working as an independent commentator and he is from Shai sect. I interviewed A.E., an Iraqi retired official who is currently working in the private sector and he is Shia. I also interviewed F.K and A.S., two senior Iraqi officials: A.S. said to me I am Sunni but the other one (F.K.) seems to be from the communist party and he never talked about his religious identity. Also, I interviewed two high commissioners, including R.U. the former head of the Commission of Integrity, who he said: 'I am Shia but I am a secular man', and S.N.K from Iraqi Supreme Auditing Board, but it was hard to work out which sect he was affiliated to. In addition to this, I interviewed three independent figures - Y. S and A.N., both of whom were working for NGOs, and A.M.J., an Iraqi who worked as an independent commentator from outside Iraq, and of these three independent figures, I could only work out that Y.S from Shia sect.

Finally, it is important to acknowledge, the gender breakdown of the respondents. The majority of my interviewees were males, and only three of them were female. Two female KIs were MPs from the Kurdistan region parliament, and the third worked as a senior advisor in the Kurdistan regional government.

With regard to the two focus groups, ethical issues regarding the consent forms and volunteers participating in group discussions were taken seriously. Confidentiality applied to everyone in the groups. The first focus group was with journalist investigators, who were mainly oil and economic reporters, chosen because of their understanding of the rent-based economy and what forms of corruption had links with the rentier state in Iraq. These journalists included R.F., a reporter working for one of the Kurdish News Website; H.B.R., who was working for a news agency; H. M., who was working for a Kurdish TV station; and S. and J. M who were independent journalists. The other focus group was with NGO members who were selected based on their experiences, works and speeches on the issue of corruption in general. They included A.N. a former worker at a private company; A. M., a member of a center for research, who was working on oil; and K. A. and Z.S.F., who were working for NGOs but did not like to disclose it. All members of both focus groups were Kurdish. I would have liked to organize more focus groups outside Kurdistan, but the place I did my research restricted me to one geographical area. For the sake of viability and safety, I was not able to travel to Baghdad to conduct more focus groups with other journalists or

NGOs from the rest of Iraq- Arab speakers. I approached people there by Skype to carry out one-to-one interviews instead of focus groups.

Another ethical consideration was especially important in relation to tape recordings of interviews and protecting the identities of interviewees and focus group members. To obtain an accurate record of what interviewees said to me, I tried to use a tape recorder and asked interviewees for their permission to do so before starting the interview, following the recommendation provided by (Beamer, 2002: 92). Although I assured interviewees of their anonymity, some KIs were reluctant to be recorded, worried about leaks of their oral testimonies. Where the elites did not accept recording of their voices, I took notes. Following a recommendation provided by Beamer (2002: 92), after the interview, I added to those notes key phrases used by the unrecorded interviewees, to avoid memory loss that can lead to interviewer bias. Reflecting on this, in terms of remembering information, of course, recording an interview is much better than taking notes. Taking notes makes interviews shorter because researcher can only record key phrases and could not be recalled because interviewees speak quickly.

3.3.3.6 Limitations or challenges

In conducting both KIs interviews and focus groups, I faced various challenges. First, at that time, part of Iraq was completely controlled by ISS. This made it difficult to find KIs and speak with them about a topic like 'corruption'. Sometimes I had to contact KIs or their offices several times (occasionally more than 20 times) to arrange or re-arrange times for an interview. In one case, a high rank official, I contacted him many times without respond, but during my last day when I was preparing to return to the UK, 5 hours before going to the airport, I sent him a message in which I wrote that 'I am a young researcher, and I do not want anything from you but your knowledge and I know you are knowledgeable person, that's why I ask you for interview'. He responded, apologising for not responding to previous messages, because he was very busy, and he promised to speak to me on the phone that night. So 10:00 pm, before going to my flight at 2:00 in the morning, I conducted an interview with him over the phone for around 45 minutes. In another case, a high-powered KI said to me you only have 35 minutes to speak, and you have to arrive at my home by 10 in the morning. In other cases, KIs said that night time was the only time they would be ready for an interview, because during the day they were busy.

Another challenge was to select a place for conducting interviews with KIs. I followed Bryman (2008: 443)'s recommendation to make sure to carry out interviews in a quiet environment and private place where KIs did not have anything to worry about. In some cases, interviewees were not happy to talk in their offices, and some preferred to speak at their homes. Thus, I went to their home, but had to go through channels of inspection, and many times my recorder/mobile became a big issue, and I had to leave it in reception. Bodyguards would not allow me to take my recorder/mobile inside the home of KIs, though after starting to speak about my research, some KIs allowed me to bring in my recorder. Some interviews were conducted without recording, because the KIs only allowed me to write down notes not record their voices. Also, some of them were ready to going to informal places such as cafés or teahouse and two interviews were conducted in a special place in restaurants.

Similarly, during FGDs, the participants did not give consent for video recording, but they were comfortable with tape recording. So both focus groups were tape-recorded. However, even after careful planning and designing of the focus groups, I experienced more challenges with FGDs than with KI interviews. The first challenge was that participants kept mentioning the names of the elites who according to them were involved in corruption which had led to various types of accusations directed against them. I often asked them not to mention names. The second challenge was that one of the journalists had a lot to share with me and often dominated the discussion so I often interrupted to give opportunities for others to share their views. The third challenge was with the NGOs' discussion in which some participants used some words not socially suitable for the local culture. For instance, one participant, when I asked about oil-rents in Iraq, he replied that 'all were stolen by elites -fuck off all' which was very inappropriate in the context. Two other members said to me sorry about that, but this was due to the sensitive topic and members want to chill out sometimes, and we have to accept that. The fourth challenge was that participants wanted to tell their personal stories which were very lengthy. The fifth challenge was that sometimes discussion led to a strong disagreement between participants over who was mainly responsible for such corruption-whether the availability of oil or political factions within the government. A researcher with a sensitive topic should prepare for the moments when participants express their idea in a painful manner, which I had not. Many times, I tried to play a positive role as a researcher to direct discussion in a way to serve the academic research, at the same time as acting as a mediator between opposed factions. The sixth challenge was that some participants were

afraid of confidentiality and worried about the leaking of the discussion, and some participants frequently asked me to protect their identities. I often tried to reassure them that all information will be kept securely and because of my personal confirmation and I am a native from the same areas enabled me to overcome such problems, otherwise nobody would have spoken about sensitive topics. Fortunately, this challenge did not impact on the dynamic of discussions. The seventh challenge was logistical - getting agreement between them for arranging a time and place, which was a number of times postponed for both focus groups. In particular, the NGOs required two weeks to reach a suitable time and secure a place to meet them.

3.3.4 Secondary sources of data

There were two kinds of secondary data used in this research. The first were legal and official documents, especially those relevant to anti-corruption. These included the laws that established the anti-corruption institutions such as the Supreme Auditing Board, the Commission of Integrity, and the Inspectors General. Those documents are available in both Arabic and English, so I did not need to translate them into English. All these documents were useful in enabling me to understand whether there is any legal issue with the designing the bodies of anti-corruption, and they enhanced my theoretical understanding of the anti-corruption institutions[25].

The second type of secondary material was press cuttings, which I used to broaden my vision of corruption. Miller *et al.* (2001: 23) claims that the press depersonalises data, making it more objective. However, press coverage is not a systematic review of corruption. Moreover, in a deeply divided society such as Iraq, every group and party exercises a type of dominance over the media, and stories about corrupt behaviour may reflect the views of leaders who are in high decisional positions. However, press material was useful for my research. For example, six months before travelling to Iraq for my fieldwork, I opened Google Alerts in Arabic language, specifically for news on Iraqi corruption, and it was really useful to provide coverage of corruption in the whole of Iraq. Every day I received an email of many kinds of information on corruption in the Iraqi press including (Newspapers, TVs, Radios). Reading

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[25] For more detail on institutions for anti-corruption see chapter six on corruption protection.

those data helped me to identify many elites, who speak about the issue of corruption, and also where corruption was taking place and who was involved in it. Several web pages and reportages in newspapers (including Rudaw, Arabia Al-Jadia, Al-Jazeera and Al-Baghdadi) were used.

The press was mainly used for two purposes. In my KI interviews, some respondents mentioned cases of government ghost jobs but without illustration, so I used newspaper sources to find out more detail about the cases. With regard to the second purpose, in my fieldwork I had found that reaching some elites was very difficult either via face-to-face or telephone/Skype call, but the press provided me with some new perspectives on corruption. In brief, the press was used for both illustrative and supportive purposes.

3.4 Conclusion

The objective of this chapter was to outline the research strategy, the methods used to collect data, the modes of data organisation, and the way the data were analysed. Two important points can be concluded from the above. First, related to the sources of data, three sources were used. The two sources of primary data - interviews and focus groups - are the two most common techniques for qualitative research. Conducting interviews with elites was essential because they have much more to say than non-elites about corrupt conduct, and their relation with the powerful and their access to information cannot be matched by other people. So without sampling the views of the elites, especially in anti-corruption bodies who are the most aware people in corruption in Iraq, the data would be deficient. Since elites are divided across ethnic/religious and party lines, in order to strike a balance between all Iraqi components, and to achieve verity of opinion on the issue, I tried to present the views of all the ethnic groups when conducting interviews. Having said that, however, I felt uneasy about some probing questions with elites, therefore, and I sought another mechanism where respondents challenged each other when discussing the issue of corruption. This is the reason for using focus groups, because FGD participants challenge each other's views. Focus groups thus provided fresh insights into the depth and practices of corruption. The third source of data was secondary - the official documents and the press material - which were used for supportive and illustrative purposes.

The second important point relates to data organisation and analysis. After all the transcripts were translated into English, I chose thematic analysis as the mode of qualitative data

analysis. The reason for choosing thematic analysis was that the study was already themed around the three main kinds of corruption in Iraq (clientelism, rent-seeking and corruption protection). The process of identifying themes and sub-themes, therefore, naturally clustered around the three basic kinds of corruption. After refining again and again, themes and sub-themes were clearly identified, then the final themes and sub-themes were put into NVivo. At this point, the research moved beyond the assertions made by the interviewees/focus group's discussions, to an analysis of the meaning of the assertions. The next three chapters discuss the three main themes - clientelism, rent-seeking and corruption protection - respectively.

Chapter 4   Clientelism: factionalism in the allocation of public resources in Iraq

4.1   Introduction:

Chapter 2 hypothesised that there are three main kinds of corruption in Iraq: clientelism, rent-seeking, and corruption protection. This chapter examines the first kind – clientelism. It is important to study clientelism because, despite its pervasiveness in Iraq for centuries, from feudalism to Ba'athist party rule and the current post -2003 sectarian government, there has been no published study of clientelism in Iraq. Yet clientelism has had a significant effect on Iraq's economic and political systems. For example, it has discouraged the government from providing public goods based on merit and capacity through fair competition; it has increased inequality in accessing state resources, and it has enabled dictators to stay in power by allowing them to stage elections in which competition is stifled (Stokes, 2007; Hicken, 2011; Hilgers, 2012). For those reasons, it is important to understand the nature of clientelism in Iraq, and its causes and consequences. It is argued that despite the establishment of the new Iraqi government after 2003 ending one party rule that prevailed for over 50 years, clientelism has evolved and persisted along sectarian and party lines at many levels, focused on directing public funds for the benefit of sectarian and party groups.

In this chapter, I will consider, first, what can be accounted as clientelism in Iraq, and due to the lack of consensus on the term, I will define it in Iraq and justify why such a definition is appropriate to Iraq. I have identified five important features attributed to clientelism - diffuseness, longevity, obligatory, collective/dyadic, and reciprocity. Second, using data from the fieldwork, the chapter will construct a typology of the patterns of clientelistic ties found in Iraq that focuses on the new form of Iraqi government and its allocation of state resources. These typologies can be categorised into two analytical dimensions: the individual and organisational levels. The chapter will conclude that although clientelism in Iraq is fundamentally harmful, there may be some value in it, and the forms of clientelism that are corrupt are political forms rather than legal forms.

4.2   The context of clientelism in Iraq

"Clientelism cannot be meaningfully considered apart from the setting in which it exists. The forms which it takes depend to a considerable extent on

the structure of the society and on the political system in which it operates"(Lemarchand and Legg, 1972:156)

The key conceptual considerations were discussed in chapter 2, when the concept of clientelism was distinguished from other social ties such as nepotism and paternalism. This section turns to the context of Iraq, and the question of what can be accounted as clientelism in Iraq. Political transformations brought about change in clientelism in Iraq, as Landé (1983: 437) pointed out. In particular, it changed when the Baath party collapsed after 2003 as a result of the US-led invasion in 2003. The Baath party as an engine of power had built a strong centralised patronage system over its population, controlled by a restricted inner circle of Saddam's close associates. Iraqis assumed in 2003 that elections and the new leaders in the government would bring about democracy; civil society would be autonomous; and political activities would be free and open for all. But the kind of democracy and elections that emerged did not lead to the death of clientelism, but to a new form of clientelism based on sectarian and partisan lines –*muhassasa* – which has operated in a wider manner than the centralised patronage system in the time of Saddam.

The question arises as to whether or not this new form of clientelism in Iraq requires us to change our definition of clientelism. The concept of clientelism has been used universally by many scholars, but particular relationships in clientelistic ties have been different from one context to another. This has meant it is hard to find a single definition to fit all contexts. As we argued in chapter 2, clientelism has been defined by many scholars as a *quid pro quo* between groups or individuals of unequal political and economic standing. The type of inequality of the partners may vary from context to context depending on the extent to which the political system is democratised and the resources are widely distributed. Nevertheless, despite such variation of context, there has been agreement that clientelism means selective access to the resources for those within the bargaining system and exclusion of others outside it. Early scholars paid attention to the content and meaning and impact of clientelism: for example, the study of clientelism in research in Italy by (Eisenstadt and Lemarchand, 1981) The mechanism of clientelism also had an impact on the definition by many scholars. For example, in some definitions, clientelism was seen as a tool for building a loyal network of supporters, involving socio-economic exchanges such as providing houses in such case Singapore (Grzymala-Busse, 2008: 664). Other scholars have focused on how political parties use their financial clout to influence their clients' electoral behaviour, often in one single election (Hicken, 2011). But scholars today are more concerned about interpreting

clientelism as a single distinct level of analysis. Such distinct level including; elites in authoritarian state use clientelistic networks; how drug gangs protect their positions through clientelism and democratic positions; citizens can be learnt the democratic skills through clientelism; how citizens fulfil their demands through clientelism when cannot meet it through modern democracy (see for e.g., Hilgers, 2012). It seems that scholars are no longer interested in debating broader definitions of clientelism, preferring to leave the task of definition to local contexts because of the difficulty of arriving at a single precise definition.

There may be lack of agreement on the precise definition of clientelism, but there may be agreement on the five features by which the clientelism relationship can be identified. Scholars tend to agree that clientelism is an exchange relationship for obtaining political support, and they attribute five features to this relationship - diffuseness; longevity; obligatory; collective/dyadic; and reciprocity - through which clientelism can be distinguish from other social ties (Muno, 2010 and Hicken, 2011). The next five subsections, will illustrate how these characteristics can be found in Iraq.

4.2.1 Diffuseness

Much of the literature contends that clientelism exchanges focus on single material transactions, such as offering jobs or material rewards including land, in exchange for votes (Vicente and Wantchekon, 2009 and Hilgers, 2012). However, the relationship between citizens and the political parties may cover a wider range of exchanges than single transactions, including land, jobs, houses, and protection, in return for which clients' express loyalty and support as well as votes for the provider. The literature has described these wider ranges as a *diffuse* feature of clientelism ties. According to Eisenstadt and Roniger (1980: 49) clientelism is often described as diffuse in nature, because different kinds of resources and promises have characterised it. The relationship covers a wide range of potential exchanges, and so diffuseness is one of the distinct qualities of the relationship between patrons and clients (Scott, 1972b: 95). In post-2003 Iraq, this has been evident in the parties' sectarian and partisan governmental system based on *muhassasa*. Through this system, party affiliations replaced entitlement based on merit. The parties' capacity to use public funds for clientelistic purposes depends on the extent to which state funds are allocated according to *muhasassa* and partisan logic. The allocation of public funds does not come from citizens' taxation but from oil rents. The resource exchanged includes economic goods, political

support, loyalty, vote, and protection on the one hand, and promises of solidarity and loyalty on the other. Thus, the diffuse nature of clientelism ties should be considered when we defining clientelism in the context of Iraq.

4.2.2 Longevity

The literature suggests that modern clientelism is characterised by short time spans such as material transactions offered some days before elections offered to citizens in return for their compliance with political parties (Schaffer, 2007 and Nichter, 2008). But the literature also refers to the continuous nature of the relationship between patron and client. According to Kitschelt and Wilkinson (2007: 8), politicians gain confidence in the viability of their transactions by iteration, or a gradual build-up of the relationship. Some modern clientelistic relationships are not necessarily inherited, but still some inherited elements may remain (Muno, 2010). This feature distinguishes clientelism from other exchange relations such as bribery, which are usually a short-lived, where neither party has a strong desire to interact in the future. In Iraq, this long-termness has an important implication for clientelism in that the exchange is based on public sector jobs which are usually characterised by longevity.

4.2.3 Obligatory

Notwithstanding the long-lasting nature of the connection between patrons and clients, clientelistic relations are generally seen as voluntary. At any rate, the connection can officially be abandoned voluntarily (Eisenstadt and Roniger, 1980: 50). But what makes the clientelistic relationship continue for a long time if it is voluntary? According to Muno (2010) this is because ending such clientelistic connections, like other connections, entails certain costs. The question is whether such costs would be high enough to deprive 'voluntary' of any recognisable meaning. If we agree that clientelism is an exchange relationship for mutually beneficial contingent exchange, then it makes sense to speak about it as voluntary. For some writers, if each side of the relationship is free to leave the clientelistic exchange when they are dissatisfied with the nature of their connection, then that would be considered a successful connection (Muno, 2010 and Hicken, 2011).

However, others argue that the connection may not necessarily be voluntarily, but there may be some sense of obligatory connection, and clients may not be allowed to exit or end such connection. According to Stokes (2007: 608-609), there may be fear of retaliations that flow

if the connection is severed. Perhaps both sides would have to pay some costs for exiting such connections: from the client side, they may lose their benefits such as jobs, and future expectation of goods and services; from the patron side the cost may be loss of credibility and legitimacy, they may not be trustworthy anymore and could not mobilise their clients in case of need (Muno, 2010). So, one can argue that because of such costs, both clients and patrons may have to comply with clientelistic connections.

In the past, under the regime of Saddam Hussein, patronage was based on one-party rule and a long-standing relationship of domination by one family and loyalty to one political party in power - the Ba'athist party. During the Baath party, or specifically after Saddam got power in the 1980s, many Iraqi professionals left Iraq either because they refused to become member of such organisations or after they became members they were afraid of strong monitoring and interrogation by state apparatus (Le Billon, 2005, Tripp,2001). In this conception of the state and party, all groups and factions outside such connection were considered as outsiders. In other words, they were considered as against the Baath party: there was no grey zone; either you had to enter the network or you were considered as against it.

This form of centralised patronage was authoritarian, in which the relationship had endured by threat and coercion. Patronage was used as a tool of social control throughout the rule of the Ba'athist party between 1968 and 2003. But today, using this kind of coercion no longer exists in Iraq, and instead, clientelism is operating in a wider way than the past and ironically it has become democratised based on *muhasassa*. This system still involves monitoring clients' behaviour by different groups in power on clients during election times, and, such monitoring is a way that patrons use for binding clients. Such practices are still used by different political parties in Iraq to force a client to carry out his commitments. However, political parties do not have such force as Saddam Hussein to compel clients to stick to their commitments. In many cases, clients have lost their jobs when they have voted for other parties, but they are not forced to leave Iraq. Nevertheless, it would be hard to consider such clientelism under the *muhasassa* system as totally voluntary: clientelism based on *muhasassa* is not completely free from force, and the voluntary element is not absolute.

4.2.4 Collective/dyadic

A dyadic exchange of particularistic favours between two individuals is the traditional sense of patron-client relationship, whereas the modern version broadens the exchange to include *collective* exchanges (Montambeault, 2012: 99-101). The dyadic element is the interaction between a patron who controls resources such money, goods, services, jobs, and a client, who, under certain circumstances, was allowed to use these resources. In other words, clients have to work for, or give solidarity and support to, patrons in exchange for the provision of goods, services and jobs (Muno, 2010). Landé (1983: 443) held that dyadic relationships are sometimes elusive, in that the relationship is usually informal, and not subject to record. Also, there is great variability in their strength, which depends on the extent to which the loyal followers receive rewards from their brokers and patrons.

By contrast, when allegiance is expressed by clients towards the party and state actors, it shows a *collective* feature. In line with recent literature, the central debate revolves around whether the nature of the clientelistic ties in a *muhasassa* system setting such as Iraq is dyadic or collective. In fact, it is both: both dyadic and collective can coexist with the nature of *muhasassa* and partisan lines. Dyadic exchanges involve personal one-to-one connections with politicians who aim to be elected and re-elected, and citizens who are involved in bargaining for accessing public privileges. On the other hand, many political leaders use the popularity of the party platform to garner support within some organisations such as tribes, NGOs, by giving them economic incentives and exploiting their affiliations at times of elections. Also, sometimes political leaders are involved in direct negotiations with local tribes, promising to give highly lucrative positions to their members, to persuade the head of the tribes to support them in the general and local elections (NGOs focus group discussion). Thus, in the case of Iraq we need to add collective bargaining to individual bargaining where groups of actors trade allegiance in return for benefit from access to the public resources.

4.2.5 Reciprocity

The fifth feature of clientelism in Iraq is reciprocity. According to Stokes (2007: 605), a clientelistic tie is a *quid pro quo* or reciprocal relationship in which the client complies by providing political support to the patron. In other words, clients have to work for, or give solidarity and support to, patrons in exchange for the provision of goods, services and jobs (Muno, 2010). In Iraq, the political groups control resources (which may be their own

resources or the state's resources): *muhasassa* entails easy access to the government and allocation of jobs to people from the government's parties' supporters. Offering jobs or other state benefits to clients based on credible promises that clients give in return to their patrons, and there is a kind of monitoring to ensure *reciprocal exchange* or compliances. For example, politicians supply goods and services to their clients who support or promise to support their patrons electorally.

To sum up, the above discussions have shown that the definition of clientelism centres on the trading of state funds by multiple parties in return for political support. In the case of Iraq, I concluded that such buying of affiliation is characterised by a clientelistic relationship containing five features -*diffuseness, longevity, obligatory, dyadic/collective, and reciprocity* - which identifies the core concept of clientelism in Iraq. We should acknowledge that some of the clientelistic ties may not cover all features, but as long as they cover the main purpose of the connection together with some of the above features, they can be highlighted as clientelism. The next section shows where we can find these five characteristics of clientelism in Iraq.

4.3   Patterns of clientelistic ties in Iraq

The aim of this section is to explain the many ways in which clientelism operates in Iraq at multiple levels, and to investigate *why this kind of clientelism occurs in Iraq, and why it can be considered as clientelism on our definition*. The discussion details the perceptions of clientelism expressed by elite interviewees and focus group members during the fieldwork of 2014-2015. The findings presented here reveal a typology of two kinds of clientelistic exchanges. The first kind of clientelistic exchange in Iraq, according to informants, is the buying of affiliation at the individual level. The political groups in power give individuals' authority to access state resources, and these individuals see that political parties are a channel through which they can find jobs and other state resources for their clients. The clientelistic ties here are considered valuable in a utilitarian sense.

The second kind of clientelistic exchange in Iraq, according to informants, is located at the organisational level of family, NGOs, and small political parties. This category has gone beyond simply building relationships at the individual level based on utilitarian bargaining, to buying affiliation at an informal institution level. This form of clientelism entails more diffused and collective benefits for political exchange – i.e. they involve buying the support

of groups rather than individuals, and the use of a wider range of inducements than jobs and welfare benefits. This connection has been used for political mobilisation. The people who run these institutions are formally independent but they support the projects of their funders (political parties in power) even after they have received the tangible benefits from their parties.

Below I will discuss in more detail these two types of clientelism in Iraq: 1) buying individual political affiliations –the individual level; 2) buying the support of NGOs, or smaller political parties; tribes and families –the organisational level.

4.3.1 Buying individual political affiliations

There are various exchange-based relationships at the individual level and some are identified as wholly clientelism, while others have elements of clientelism in them. Individual levels take different forms such as the distribution of jobs, ghost jobs, and retirements. Such forms have consequences both for the process of democratisation in Iraq and the inequality in gaining access to state resources. So it is worthwhile to analyse each of these forms. At the individual level, the data shows that politicians are involved in clientelism in the following three ways: public appointments; ghost jobs; and short-term perks and retirement pensions.

4.3.1.1 Public appointments

The distribution of public sector jobs in Iraq through clientelism has taken a new form, totally different from the past as a result of the sectarian government. It was confidently predicted that the post-2003 political transformations and elections in Iraq would bring a replacement of the particularistic relationships such as the patronage network in the former Iraqi regime (Le Billon, 2005) by a new state-citizens relationships based on merit and capability in selecting people for the public sector jobs. However, the sectarian and partisan form of government led to political leaders violating the principle of equal access to the state jobs, and informal inequality in obtaining state jobs persisted.

There are several ways in which this was done. One way of giving public sector jobs is that politicians from their high positions develop links with individuals within their parties and give them priority in return for their support. Here the division of sectarian quotas gives

individuals great access to state resources - in particular, employing people from their own parties. A former Kurdish MP in the Iraqi parliament said:

> *"... the former prime minster* [Nuri al-Maliki] *when he submitted budget that comes from the government he put too much money for ministry of defence and ministry of interior more than what should not being for security sector. For instance, within that security sector there are 10,000s of employees and standard for employing those people is not loyalty to the government but loyalty to a particular sect, a particular religion, a particular component, a particular party and within that party to a particular leader. These 10,000s of security people are purely those people who are loyal to his party".*

Politicians distribute the public sector jobs in exchange for political support, and in return the politicians expect to gain votes in the general elections. Politicians in Iraq need to build up networks of their supporters to win elections, and public sector jobs have been used as a useful tool to build up their political supporters. As a current Kurdish MP in the Iraqi parliament said of the previous Prime Minister 'Maliki' that "*He obtained millions of votes at the last election because before the election he distributed four hundred thousand pieces of land to people. And he employed many people in his party i.e. 10,000 in defence and interior ministries".*

This extensive and pervasive system of allocating public sector jobs by political leaders was mainly designed to maintain their electoral support, which means building long-term relationships, which is what clientelism is about. Clientelism is essentially embedded reciprocity exchange, and is diffuse in nature in that it involves not only public sector jobs but also thousands of pieces of public land.

Given public sector jobs is also a way to build relationships more broadly between citizens and parties whereby parties can control society. As a Kurdish independent commentator, because of his economic background was concerned about such political spending of the Iraqi budget, and said that:

> *"... spending public budget in more political ways or in brief buy loyalty. It is not realistic in Iraq that more than 5 million people have taken salaries from different government departments. The main aim of these employees is to capture people or to calm down people from not rebelling against elites in power".*

F. A. claims that the allocation of the state budget has become a mechanism for jobbery in a political sense, in that public sector jobs have become a means of political support. So the budget turns into fiefdoms owned by various sectarian and partisan leaders who use it for political orientations. The power of the political parties has become a channel to divert public resources.

A current Kurdish MP in the Iraqi parliament makes it clear that political parties want to obtain two aims: "*The situation makes people just think about salary and only engage with their economic life. The second reason is to buy loyalties in which citizen has got the public sector job should obey to the party in power*". Clients endeavour to improve their lives by obtaining public sector jobs through being affiliated to political parties in power. A. R. notes that "*the public employment in Iraq is now more than 15% of whole of the population*". The problem is that, as argues by a NGO members in Baghdad, many of these appointees are unqualified for public office because they lack the minimum requirements for such positions.

Although such clientelistic arrangements seem to be voluntary in that they are not necessarily the result of exploitation and manipulation, if somebody is appointed by a political party they have to vote for the party who has given them the job, otherwise they lose their job. This was observed in security and police sectors over the last few years. As a member of the NGOs focus groups discussion, said, "*I know many people were working in the polices and security forces who they did not vote to political parties in power, but they lost their jobs; the salaries provided to people clearly aim of the parties in power as much they can capture their votes*". According to an official in Kurdistan region, "*their life (clients) depends on the resources parties are provided for them so they have to be committed to the parties' politics*". A former official in Kurdistan government and now he leads of a personnel consultancy company, said "*the parties in power threaten people like that: you have to be aware that I provide your salaries; if you do something unpleasant towards the party, I will cut your salary*".

This indicates that clientelism depends on commitment to those who control the resources and have allowed them to divert such resources in their favor. Politically, their clients have been expected to return their commitments otherwise political punishments have to apply to them such as losing jobs. Many people have suffered during each election in the Kurdistan region from what they called political punishments such as cutting salaries by parties in power for not voting for the parties' candidates. This shows how clientelism in Iraq lacks a voluntary nature, by contrast to the literature which highlights the voluntary feature of

clientelism (Muno, 2010 and Hicken, 2011). In Iraq, such reciprocity contains an obligatory connection between two parties. Monitoring by parties' organisations to ensure that clients comply with the parties' strategy in election time or else they will lose their salaries, makes clientelism more of a dyadic relationship or one-to-one connection than a collective one. Moreover, as long as the exchange is based on public jobs, it can be described as a longevity connection between two parties. This all indicates that such exchange relationships cover all five features of clientelism.

One reason for the perpetuation of this clientelistic system of job allocations is because citizens cannot predict a positive outcome if they apply for jobs through the official channels. As A. R. said "*Iraq is neither institutionalised country and nor existent of the good governance*". Citizens may not know what their position is with regard to the state and its agents, and if they are unsure of a positive outcome of formally applying for public sector jobs, they cannot be sure whether will get the jobs in the future. Therefore, their best strategy to secure jobs in the public sector is to build their own relations with leaders in Iraq who have access to state resources. The journalist focus group discussion made clear that without connection with a political party, citizens would find it difficult to obtain jobs. Mr Rashid and Faisal Ali both argued that party linkage is a precondition for being given jobs.

Another reason is because Iraq had long been a rentier and socialist country, where the private sector was small and so the public sector was the only choice for employment. A senior Iraqi official, said, "*these huge employments are not only recent to Iraq this problem related the Iraqi political system from the past until now. But you have to understand that the private sector did not exist before 2003 and we don't have very strong private sector to employ people there*". Likewise, a member of the journalist focus group said that

> "*In my view, Iraq was a social system* [traditionally a big public sector] *till overthrow of Saddam. Also, after 2003 in Iraq we do not know whether Iraq has adapted socialism or capitalism system…and we live under the old socialism rules in which all things run by the government such as health, education, and everything and the private sector is not involved in running any of these sectors. Therefore, all people try to find opportunities and work in the public sector*".

It could be argued that clientelism in the past was used for direct mass control because providing such jobs was to satisfy the masses. However, there were no multi-party elections in the time of Saddam, so huge public employment gifts were not allocated to buy votes. If

any election took place, it was only one party (Ba'athist party) that was allowed to stand and some of these elections under the Ba'athist party and under the leadership of Saddam obtained overwhelming majorities, sometimes reaching 99% of all votes. Nevertheless, there was a clientelistic patronage system under Saddam Hussein, though with the fall of the Ba'athist party from power in 2003, this patronage system collapsed.

The question arises of why clientelism persisted despite the Ba'athist rule collapse. The answer to this question, in the view of a former Kurdish MP in the Iraqi parliament, these appointments were *"only for the satisfaction of people in order to not rebel against rulers"*. This is an explanation which could apply to many oil-rich countries where the rulers try to put many people in the public sector, thereby securing their authoritarian rule. That is why scholars believe oil made a dictator in Iraq (Al-Janabi, 2013). Robinson *et al.* (2006) argue that an oil boom consistently helps politicians to spend revenue lavishly by providing public sector jobs for their supporters, in order to secure re-election and remain in power for a long time. Auty (1999) claimed that a boom in natural resources in Trinidad and Tobago caused over-expenditure on the public sector, noting that as a response to the boom in natural resources, public sector employment reached 50% of the share of government expenditure. Gelb (1988) found that during Ecuador's oil boom between 1978 and 1982, there was a doubling of public employment either in central or local government.

Another reason for the continuation of clientelism in Iraq after 2003 is the development of the system of *muhasassa* in Iraqi politics, ministries and institutions, which was inextricably linked to sectarian quotas. A retired Iraqi official, who has Shia sect affiliation, said that "*The problem in Iraq is that when a minister takes his/her job; s/he starts to change the entire ministry into his/her party i.e. ministry of industry and mining over the last few years*". From the view of a former Sunni MP, there was a huge increase in the number of political appointments in the Iraqi public sector: "*al- muhasassa is a fertile ground for this employments.*" Ammar al-Shibli, MP and formerly of the Integrity Commission, said "that in Iraq the political parties coming into government hand out many positions from the cleaners up to the post of minister*"* (Radio Free Liberty- Iraq, 2016).

In the case of the Kurdistan region, the system of political appointments is based only on party divisions, not ethno-sectarian divisions. A former MP from the Kurdistan parliament, claimed that,

> *"In Kurdistan, there is no issue related to the ethno-sectarian division* [the majority in Kurdistan are Kurdish speakers], *but here there are divisions based on the political parties between the PUK and PDK. In the past few years for buying votes in the general election the political parties did everything such as providing public sector jobs, and distributing of lands. These all done to buy votes and buy loyalties and these all happen by both parties in power".*

It could be argued that in Iraq after 2003, buying affiliation in the form of appointments by political parties', enabled citizens to learn skills of democracy through participation in electoral competitions. But this is disputable, because of the uncertainly of economic life, which makes Iraqis focus solely on their economic circumstances. Iraq is not a welfare state which provides relatively secure livelihoods for its citizens. As a Kurdish MP in the Iraqi parliament believes that, *"The situation makes people just think about salary and only engage with their economic life".* If citizens cannot be sure about their economic security, they will find ways to create special relationships with politicians who have access to state resources. State leaders, of course, benefit from citizens' feelings of uncertainty in Iraq.

4.3.1.2 Ghost jobs

Another aspect of sectarian and politically-oriented appointments, is *jobs through 'Ghosts'* (*al-Fazhia* in Arabic), a term which has recently become notorious in Iraq. In his first speech as Prime Minister in the Iraqi parliament, Haider al-Abadi said, '*In four Iraqi army sections, which included 100,000 soldiers, 50,000 were unreal and called ghosts (al-Fazhia)* (A.R. said that). This means that there are names on the payroll for people who do not take part in any military action. Former Prime Minister Maliki built what is called *al-Isnad* (supporters) for the Iraqi military forces, but these supporters often sit at home, costing 500,000 Iraqi dinars (roughly equivalent to US$450) each per month. General David Petraeus (then head of the US General Forces in Iraq) launched an initiative to face al-Qaida called *al-Sahwa* (awakening), but on commenting on this issue a former commissioner at Baghdad said that,

> *"but ¾ of al-Sahwa army were found to be 'troops in the sky in Iraqi term - ;' i.e. 'ghosts'. An investigation by the Chief of the Armed Forces found that US$14 million was spent each year on so-called ghosts. Part of this money goes into the pockets of leaders in exchange with members in the al-Sahwa, who divide up the money as spoils between them but finally the leaders also wanted al-Sahwa commitments with parties in time of election".*

Ghosts are not confined to the defence sector, but also according to A. R. "*the number of ghosts in the interior ministry are 75,000 and in the municipality of Basra is 5,000 of ghosts and in the municipality of Baghdad many ghosts were disclosed. During four months in investigation more than 120,000 of ghosts have been found in different Iraqi institutions*". Ghosts are also existent in the Kurdistan region, as a high commissioner in the Kurdistan region said: "*in Kurdistan there is talk about 100,000 people only in one day go to their office in order to take salaries and after that not going to work at all. I didn't get the formal data. Someone talks about 50,000 and some 100,000 and some talk around 200,000*".

It seems from the above examples that the term 'ghost' has two meanings: real and imaginary. The 'real' ghosts exist in the real world as people who draw salaries but do little or no work. This extensive and pervasive system of allocating ghost jobs by political parties was mainly designed to maintain their electoral support (as A. R. and R. U. argued that), which means building long-term relationships, – clientelism is essentially a political strategy. In the last few years, some politicians have obtained many votes through ghost jobs even in areas where such politicians are not popular. For example, the former prime minister personally benefitted to the tune of millions of votes. The practice of using public sector jobs in the form of ghosts could be interpreted as a deliberate means of establishing a long-term relationship. These politicians often provide funds under the justification of improving the security situation.

Such allocations through ghost jobs may not cover all the five features of clientelism found in the literature. For example, it lacks the one-to-one connection of clientelism, because although we know one side of the bargain (the patron), the other side (the ghosts or clients) are hard to identify. It is also true that ghost jobs may mean little more than material goods rather than being an exchange relationship for political purposes which is mainly what clientelism is about. Such connections through ghosts can be classified as a form of buying of groups of loyalties because it is characterised also by collective relationship i.e. groups connection with the parties. Nevertheless, this kind of relationship exchange can be labelled as clientelism because it manifests all the other features such as diffuseness, longevity, obligatory, and reciprocity between two parties.

The second meaning of 'ghost' is imaginary rather than real, in that the ghosts may not exist in the real world. 'Imaginary' ghosts may not generate votes for politicians, but are used instead to generate money for themselves. For example, a former commissioner in Baghdad

mentioned a case related to Mushan al-Jburi (a current Sunni MP): "*he was in charge of oil pipeline between Kirkuk and Turkey for few years in post 2003. Al-Jburi was responsible for protecting oil pipeline but he listed 14,000 of soldiers and he took the regular salaries of 14,000 of soldiers, however, practically, there were only 3,000 soldiers there*".

The negative impact of ghost jobs is severe. Not only is it a gross waste of public resources, it can undermine the effectiveness of military security. The case of ghosts is particularly illustrative of the ways in which the capacity of the defence sector to fight ISS is undermined. In August 2014, part of Iraq was occupied by ISS. As a Kurdish MP in the Iraqi parliament, said, "*investigating the reasons behind the collapse of the Iraqi army, ghosts had a huge impact on lowering the capacity over 2-3 days of the Iraqi military force regarding large ISS-controlled areas*". On the other hand, some respondents have claimed that the ghost issue could be seen as a means of "*reconciliation between Shia and Sunni communities*", [26] playing a significant role in maintaining stability over interim period of time in Sunni areas. In particular, it assists initiatives being taken to encourage *al-Isnad* (supporters) and *al-Sahwa* (awakening) from Sunni tribes to feel secure enough to become a part of the Iraqi force to fight al-Qaida, though evidently the formation of these two sections from Iraqi tribes in Sunni areas had little impact on maintaining security.

4.3.1.3 Short-term perks

In addition to these public appointments and ghost jobs, there are *short-term perks.* Individuals may be involved with temporary forms of exchange relationship, such as by receiving gifts, money, or meals before elections. As long as sectarian affiliations exist, individuals vote for their parties who are from either Shia, Sunni and Kurds dominated areas because Iraq geographically is divided between these three components: Shia in the south, Sunni in the middle and Kurds in the north (Kurdistan region). It hardly ever happens that a Shia party obtains many votes in Kurd - dominated areas or Kurdish parties obtain many votes in Shia -dominated areas.

However, because of multiple political groups in each area, there are divisions and sub-divisions within each sectarian group. As a former Kurdish MP in the Iraqi parliament stated that "*there are many rival groups within a single ethnic or religious background. For example, within the Shia there are many political groups and this is also true for Sunni and*

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[26] Though R. U. argued that such initiatives have been exploited by leaders.

Kurds; it is hard to say that one single political party can reflect the reality of one component". In this situation, although ethnic and religious affiliation or identity is manipulated by the political elites (Eifert *et al.*, 2010), voters support different candidates within their ethnic or religious group who are from their own communities - what is called in Arabic *ibn al billad* (son of the community) - and they may support candidates who intend to deliver services to the narrow local community (Lust, 2009: 127). So citizens not only support co-ethnic or co-religious sect parties, but they prefer candidates who are affiliated to their family, tribes, or who provide some immediate gifts. So these rival groups give citizens money, goods and services some days before an election in exchange for their votes. In poor areas, the political parties provide transportation, entertainment, meals, clothes, and cash and make recommendations to the voters about how to use their ballots (Fieldwork notes, 2014-2015). Another former Kurdish MP in the Iraqi parliament reported some candidates before an election "*providing fried chicken*". Another former high rank official in Baghdad said "*If you look at the last general election 2014 in Iraq there was huge money used to buy votes in very short time, some sources talked about US$10 billion each year. Where this huge money come from? How was it used I don't know?*". Also, a former senior official (now retired) in Kurdistan region mentioned "[political parties in power] *given cash* [to voters] *some days before elections*". Personally I observed this in the region many times. This kind of inducement to vote for an ethnic segment of a political party was encouraged by the changes in the electoral rules in 2005 and 2013 allowing voters to choose between different candidates within a political party. Thus, in some areas personalised relationships are important for candidates for short-term or one-off inducements in addition to pre-existing connections based on ethnic and religious factors.

Such short-term exchanges are probably far from establishing a long-term connection of clientelism. Because it is not long-term, this type of the exchange can be considered as simply vote-buying. Despite the difference between clientelism and vote-buying, the literature has assumed that vote-buying is a durable relationship between two sides and helps politicians, in particular in oil rich countries, to stay in power (Andersen and Aslaksen, 2013), and indeed some researchers have studied vote-buying as a kind of clientelism. For example, Vicente and Wantchekon (2009) have presented insightful work on African clientelism and vote-buying portrayed in the relationship between community leaders and candidates for clientelism and vote buying; it seems to be an effective tactic and to enjoy widespread electoral support. There is some evidence that short-term perks may endure into the long term.

Looking at the elections in Iraq since 2005, an independent member of NGO from Arabic speaker at Baghdad, said, "*why are the same faces re-elected and re-elected again and again?* The democratic elections in Kurdistan region began in 1992, earlier than in the rest of Iraq, and an official from Kurdistan government said that "*in the Kurdistan region, I can confirm since 1992 till the present the major decision makers are pretty much the same either from the parties or relatively from the government side*". Based on these two testimonies, it would be hard to determine whether such connections are principally based on short-term perks or long-term affiliations. But as long as the same faces are re-elected again and again such connections seems to be long-term rather than simply based on temporary vote buying.

Sometimes, leaders introduce themselves as the only conduit between regional needs and central government, and they are the only means to transfer local demands to the high levels of government, and this would help them to win election again and again. At other times, brokers organise or engineer such connections. Brokers may be officials in the provinces, districts and towns, or more likely, members of political parties' organisations in such areas. The short-term perks are distributed in many parties' organisations including different kinds of incentives, goods, services, and cash some days before and after elections (my fieldwork notes 2014-2015). This indicates the diffuseness of the clientelistic transaction. Brokers tend to monitor voters to ensure their commitments, and clients may be afraid that if they fail to honour their electoral commitments, parties in power have authority may cut either salaries or their apportionments[27], or ask for the return of the gifts that they took before elections. This illustrates the embedded reciprocity exchange in clientelism. However, the short-term perk lacks the collective/dyadic feature connection of clientelism, and so it could be labelled not purely, but significantly, clientelism.

4.3.1.4 Retirement pensions

The fourth kind of individualistic clientelism in Iraq involves retirement pensions. Clientelistic retirement pensions take three different forms. The first form is people who obtain *high rank retirement pensions.* For example, a Kurdish MP in the Iraqi parliament explained that "*in Kurdistan there are 1,026 people with the rank of retired minister, vice minister or general director, even though there have only been six successive cabinets. The*

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[27] I personally remember in my town during the first Iraqi election, there was propaganda that anyone not participating in this election will find that the government will cut his/her family's apportionments. This apportionment contains different portions of foods given to every family in Iraq free each month.

number of ministers receiving retirement pensions exceeds the total number of members of these cabinets and inside this list there are retired people with the rank of ministers who have never held the position of ministers at all". Likewise, a Kurdish independent commentator said that "*In Kurdistan we have around 100,000 people who are at the same times members of political parties and retired from the government, examples in such retired people General Director high military ranks but there are working in the parties' organisations"*. Another interview who is an MP in the Kurdistan parliament, reports of *"404 retired women with a high military ranks, none of whom has been involved in military service"*. According to a former commissioner in Baghdad this allocation of government resources and retirement pensions can happen when a person is only employed for a short time and they then retire. He said "*people may be employed for 1-5 days and then retired, based on their affiliation to a specific political party.*"

Such rewards may make the retired people renew and continue their loyalties to the parties, and this why we define such retirement pensions as clientelism - because the purpose of the pension, according to a Kurdish independent commentator, this is "*exactly continuing in their support of the parties in power"*, thereby embedding a longevity relationship between parties and their members. Through such retirement pensions, parties can capture their members for a long time and secure their commitments to the parties' interests until the very end of their lives. Such connection can be marked by reciprocity as well, and there may be a dyadic connection between retired people with political leaders, if they are both from the same sect or the same political party. The relationship may not be directly face-to-face, but the retired people may have a strong connection based on respect and meeting leaders' demands when necessary. Hence, such retired links based on secure loyalties are closer to clientelism than any other connections.

However, it must be noted that recipients would not have obtained these retirements pensions if they had not been members of political parties. So it is likely that such retirement pensions are not fully deserved. As a former MP from Kurdistan parliament, said: "*they are not deserved for such retired pensions*". Retirement pensions are particularistic privileges for a segment of people who do not properly deserve such rewards.

From the four instances of individualistic clientelism identified above, we can conclude several points:

First, individualistic clientelism could be considered a means of involving more people in politics and raising their awareness of public policy, because in a variety of ways, the mass of people has become incorporated into the political system. In this process, political leaders have become the conduit for finding jobs and contracts, and are a new type of information network. Political leaders become mediators, though this is not to say that all society and political leaders are now meaningfully integrated within this large system.

Second, individualistic clientelism can be considered as a means of re-distributing state resources, since, as an MP from a prominent party in power in the Kurdistan parliament, said, "*People don't have opportunities to work and there are young graduates but there is no option. The private sector is not so strong here*." Although the receivers must obey the providers, this does not necessarily mean slavery (Muno, 2010). Although it could be argued that redistributing state benefits through allocating privileges is not ideal, if the citizens do not have any opportunities, especially if they are poor people, then clientelism perhaps could not be regarded a bad bargain (Hicken, 2011: 302). Indeed, it could be argued that clientelism can bring in many marginalised people who are excluded from the benefit of state resources. Moreover, such huge appointments in Iraq could be seen as a means of preventing people from engaging in the violence that sometimes erupts when they feel deprived of the benefits of public resources.

Third, my view is that, regardless of these benefits, individualistic clientelism has been very harmful to the way democracy has functioned in Iraq, undermining accountability. Sectarian political parties capturing citizens by using public wealth to buy political affiliations that politically re-distribute further advantages for the parties in power, undermines the principle of democratic decision-making. The key question is to what extent such behaviour prevents citizens from exercising their democratic rights of critical voices. Such huge manipulation of public appointments by parties means the repression of critical voices over corrupt state allocations. As a Kurdish independent commentator said that "*If people take jobs based on buying affiliations ... thereby blunting their criticism of the government*". Another official in Kurdistan region raised the danger of ending up like Gulf countries which "*lack space for criticism*" and the rulers stay in power for a long time. This situation has been experienced in several oil countries in the Middle East including Libya, Saudi Arabia and Iraq (in the past).

This has produced over the last decades what is called freakery in Arabic or "*Al-Fahula[28], as can be seen, one voice controls the others*" (NGOs Focus group's discussion, also confirmed by a Kurdish MP in the Iraqi parliament), where the entire society becomes part of the parties in power. Instead of voting being a means of holding politicians to account, it becomes a means whereby politicians hold citizens to account for their pledge of electoral commitment to the party. Such clientelism allows some politicians to survive in power until they die, whereas without this they cannot stay for such a long time in power.

Fourth, the question may be raised whether such individualistic clientelism is corrupt when it seems to be not a violation of the law. I have argued in chapter 2 against regarding the law as a standard for defining corruption, because otherwise, clientelist jobs would be deemed corrupt in one legal system but not corrupt in another. The reason why individualistic clientelism is corrupt is because it is formed to promote mutual benefit between two parties at the expense of public funds (Kawata, 2006: 12-14). In other words, people who are involved in a clientelistic exchange relationship gain a mutual benefit which is private, and this means privatising public interest for a particular segment of the community. According to a former MP who has a Shia sect background, "*This is pressure of the political parties on government or on institutions and appointing people in the different branches of the government in Iraq i.e. job, retirements, and ghosts. This is clearly corruption in Iraq. This is clearly exchange relation for political purpose in Iraq*". As Hutchcroft (1997) put it, individualistic clientelism is 'particularistic advantage' and the implication is that this clientelism relationship will harm the public interest, and is therefore corrupt, whether or not it is legal.

Fifth, individualistic clientelism results in a waste of public resources, because it creates a situation of over-employment and inequality in accessing state resources, and unqualified people in bureaucracy leading to a loss of professionalism in bureaucratic appointments. Furthermore, it undermines the capacity of the government to allocate capital for investment. As a current Kurdish MP at the Iraqi parliament, noted: "*In Iraq, until present, nearly 70% of the public budget went to operational aspects in the form of the salaries, and only 30% went to investment aspects, and Kurdistan was the same in this regard...This is because of the huge number of people employed in the public sector.*"

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[28] *Al-Fahula* means in English bull, and in the Middle East bull behaviour has been used for somebody who controls everything and he behaves like a crazy bull and never steps down from power until he dies.

In summary, the features we highlighted in the above instances of clientelism at the individual level confirmed that it is corrupt. Four kinds of benefits were exchanged for political support -public sector jobs, and retirement pensions are full-blooded clientelism, whereas ghosts and short-term perks are partially clientelistic. In the next section, we discuss the kind of clientelism that occurs at the organisational level, including buying the support of groups rather than individuals.

4.3.2 Buying the support of organisations

Besides buying the political affiliation of individual people, there are forms of political exchange in Iraq that entail more diffused benefits for political exchange – i.e. they involve buying the support of groups rather than individuals, and the use of a wider range of inducements than jobs and welfare benefits. The three subsections below draw primarily upon the interviewees and focus group discussions that were undertaken for this study between 2014-2015, supplemented by my observations and reflections in the field.

4.3.2.1 Buying support from NGOs

The importance of NGOs for the parties in power is that NGOs can sometimes provide both short-term and long-term support. NGOs represent a new organ for political parties, and parties can capture them through offering funding. An example is provided by participants in the NGO focus group discussions; it was argued that some kinds of funding were available to selected NGOs. Throughout the discussion, a member of the NGOs focus group, raised the issue of funding and said, that "*between 80-90% of the NGO's part of the parties in power is without financial support from the parties in power; these NGOs cannot afford to pay the rents of their offices.*" His comment was based on experience of the available funds received by NGOs. Funding opens up the prospect of long-term and sustainable connections between NGOs and parties in power, and long-term connection is a feature of clientelism. The importance of funding to NGOs is that it is the only way whereby NGOs can survive to continue their everyday tasks.

Unlike NGOs in other countries, NGOs in Iraq have little desire to regard themselves as independent from the parties. This is clearly observable in many Iraqi elections and rallies where NGOs publicly supported their sponsoring parties. As the NGOs focus group argued that all of them [NGOs] live by depending on the PUK and PDK parties in the Kurdistan

region. Indeed, considerable amounts of time and energy were allocated to make connections with the right political actors at state level or leaders of political parties because this connection secures their funding. A Kurdish independent economic commentator in the Kurdistan region said that it is common practice for officials or figures from political parties to become heads of the NGOs. He described the degree of dependence of the NGO organisations on political parties mainly within the Kurdistan region in the following manner:

> *"The parties put their members in the top positions of these organisations ... these organisations are partially or fully a part of the party. For instance, organisations for students and so on, this is because parties finance these organisations and at the end these organisations cannot do anything towards the government. There is not organisation in this county without political and financial link with parties. These organisations become a semi-public sector. Instead of expressing their own independent voices and interests and becoming tool for monitoring the government's public policies but they are already a part of political parties in power. The parties often finance organisations in their programme and organisations support government. How could such organisations speak against the government? In this country almost all NGOs run by political leaders. These organisations should demonstrate the reality of the society, in contrary; they tend to cover these realties. They take money and they are member of the parties in power and they can do nothing towards parties in the government".*

NGOs have become very effective channels through which parties can gather support and solidarity at the national and local levels, because they have members on the ground who can look for votes, alliance, and supports. The great value of NGOs to political parties is their member's solidarity and capacity for networking. Also, NGOs can monitor their members' voting behaviour, and if members do not follow the collective decision, they are sacked from their jobs. This has occurred when members frankly acknowledged they had voted for other parties. Two such cases were revealed by a member of the NGOs focus groups: one of the cases related to himself and the other related to his friend[29]. This indicates the obligatoriness of the reciprocity exchange between parties and NGOs. NGOs thus provide collective support to political parties, which is a classic feature of clientelism. Reciprocally, the great value to NGOs of their affiliation to political parties is not only the securing of funds, but also their enhanced status in the eyes of the elites.

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[29] For the sake of confidentiality, I cannot reveal details of these cases.

However, this does not necessarily mean that all NGOs in Iraq are subject to this connection. For one thing, the study covers only part of Iraq (the area of my fieldwork) and may be misleading, so the results must be interpreted with considerable caution. Moreover, I would argue that some of these organisations are also bodies with independent political, social and economic purposes that often include a number of people recruited to access the funds that are available. Inside these organisations, there may be corrupt networking between groups of people and political leaders, whereby goods and funds may be divided between the members based on their clientelist agreement that is clearly a corrupt bargain. But outside these groups there may be some NGO members who are independent in their decisions during the time of elections.

4.3.2.2 Buying support from small parties

Another organisational level connection is related to the *smaller political parties.* [30] As one interviewee, who was an MP from a party in power for many years in the Kurdistan region, said, "*Buying loyalty is not only related to ordinary people, but also the big political parties buying the smaller ones*". This lends weight to the argument suggested by an MP from the political party in power for many years in Iraqi Kurdistan that a large political party built up close links with small parties, and established a track record of policies favouring these small parties. This kind of relationship indicates that a new form of political exchange has been established.

The question here is what was being exchanged and for what purpose. As a journalist in the journalists' focus group discussion, had personally investigated this issue and reported his findings in the following extract:

> "*....I published a document in which the Minister of Finance from the PUK party clearly stated that: 'we decided to increase the budget of the five political parties; the formal letter was sent to the high office of the PUK party. So I published this document, and everyone understands that all small parties take the money directly from the PUK* [in Kurdistan]. *But they actually got the money from the Finance Minister* [public money]. *So the process is like this: the Minister of Finance gives money to the high office of the PUK party*

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[30] It is difficult to identify what they meant by small parties, but I got the impression that it includes parties from different minorities or from other groups who have got only one or two seats in the parliament, and they talked about the small parties in the Kurdistan region rather than in the whole of Iraq.

> *and from there the small parties take the money. So the small parties understand that the money is given by party so they have more commitment with the PUK/PDK parties' policies. This is the process of buying small political parties".*

Offering public money to small parties is intended to encourage small parties to form alliances with the political parties in power. Political parties in power make it clear that offering such funds is contingent on obtaining political support, thereby putting small parties in a place where they would not rebel against them. Such connection also prevents the formation of unity among small parties seeking remedies by working together to achieve, for example, effective representation. This is an example of clientelism in that the purpose of the fund is to build reciprocity and sustainable support which are two main features of clientelism. Such reciprocity enables parties in power to maintain the status quo.

For the small parties, the main advantage of these deals with the major parties is obtaining money. This has led to their description as 'political shops' by a member of the NGOs focus group, who said, "*currently, we call these small political parties political shops*". We all know there are retail shops doing commercial business, but there are also political shops that do political business. In these political shops, politicians have established small parties which take regular amounts of money from parties in power, and in return, at some political issue or some other events they have to be committed to their sponsor's policies, and express their loyalty/support to the parties in power (NGOs focus group discussion).

However, interviewees and focus groups did not provide many details about this exchange relationship, and there were disagreements between them over what was being exchanged and for what purpose. However, based on their testimonies we can draw two conclusions. First, buying affiliation here is not related to the buying of votes of members from small parties in parliamentary elections. This is not the issue for their sponsors. The real issue is that when they get to the parliament the smaller parties have to support their sponsor's parties. As a member of the NGOs focus group said "*But at time when parties in power needs to express a real attitude or support they have to be committed with either policy of the PUK and PDK. Or even in the events they have to express their loyalties/support to the PUK and PDK*". A journalist in the journalist focus group elaborated by example saying that,

> *"Some small parties from different minorities in the region obtain one or two seats in the Kurdistan parliament but they are join the big parties. There don't have independent opinions about the issues but they are often*

meeting with the PDK MPs. Based on that, we called them special force. MPs from PDK frankly told us that we are 37 MPs with the special force we become 48 MPs, when they come to the negotiation and vote for particular law they told us we are 48 MPs".

This process indicates that buying the affiliation of the small political parties is a form of collective bargaining between parties in power and small parties. As long as the small parties honour their commitments to their sponsors (parties in power), the reciprocity exchange can be relatively long-lasting and collective, all features of clientelism. Second, this process indicates that building genuine opposition parties will be difficult. There can be no hope for building political watchdogs in the country when not only NGOs but also small parties are so closely linked with the political parties in power.

4.3.2.3 Buying the support of families and tribal affiliations

Another organisational level link is related to buying the support of leading religious families. Here the influence of political parties in power may be discerned more widely in Iraqi society, extending to the country's traditional tribal and religious family systems. Despite many changes in the structure of Iraqi society because of modernisation, the mental and spiritual make-up of many people has not fundamentally changed. In the case of buying the affiliation of religious family groups, the members might well have varying perspectives, and it may be hard to convince them to support a specific party. However, inducements from a political party to the elders in these groups may be sufficient to persuade members to give support to the specific party. But the question is what kinds of support do parties in power want to achieve, and from which types of communities. This section is divided into three sub-sections: famous families; martyrs' families; and poor families[31].

On famous families, the most effective mechanism for capturing famous families is to provide them with funding support by political parties in power. An example of this practice was provided by a member of the NGOs focus group, who argued that in Kurdistan, the misappropriation of public resources is done in a systematic way to support members of well-known families. Although he did not have personal experience of this, because he was from a

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[31] Simply, famous family is a kind of wealthy and religious family. Poor family related to the lower income families; the martyr's families is a family who sacrificed directly for the parties in power, for instance, husbands were killed in battle in the front lines either in wars with former regime over the last decades, or more recently ISS.

former opposition party, he is in a good position to know about the conduct of the political parties in power, at least in the last few years, and he said that "*we do have a specific type of family who receive regular funds from the government or from the political parties in power.*" For the sake of confidentiality, he did not mention any names of that benefited from the public money offered by parties in power, nor was it specified whether all members of the families benefitted from the payoff.

The exchange takes the form of a promise by the head of the families, but whether every member of the family commits with the head's recommendation to vote for the particular candidates is another matter. In other words, buying support here only targets influential individuals, because political parties can forge links only with a few influential individuals. It might be that parties understand that purchasing social influence in such society yields large numbers of supporters and achieves returns more profit than by allocate small amounts of money to each individual. Through this influential person, via an informal network that exists in their bailiwicks, horizontal networking can pay off through a kind of social multiplier.

The exchange seems to be real evidence that some candidates from political parties in power frequently obtain significant amount of votes in the villages and areas dominated by these families who promise to deliver their votes for the candidates of the party which provided funds [32] . This suggests that the informal influence of elders is deeply embedded and acknowledged by their local members. This is partially due to the strong endogenous bias towards each other in the local community. Recommendations by elders are apparently effective due to their sustaining and frequent interactions with their local community. This kind of exchange relationship is not only iterated over a long period of time, but also collectively backed by strong grassroots support of people from tribes, and is therefore consistent with the notion of clientelism.

It seems that this kind of exchange between parties in power with some elder's families are far more useful for the parties as social multipliers in generating core party support than those generated through one-to-one connection i.e. jobs. This practice has also been exercised by leaders in Gabon, the former regime in Libya, Saudi Arabia, and also Saddam Hussein where oil wealth has helped the politicians to extend their networks and thus capture different segments of society by "sharing the spoils" (Fjelde, 2009: 200). However, such connection

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[32] NGOs Focus groups discussion. Although I asked them for details of a specific case, nobody was ready to speak about particular families due to the risk.

cannot be classified as fully reciprocal because parties cannot impose any kind of punishment on broader members of families for lack of commitment to the parties' candidates in time of elections.

On martyr families, a senior advisor in the Kurdistan region government affirmed that "*We… built many houses for the families of martyrs in different areas in the Kurdistan region, again with oil money.*" The government, in order to make martyrs' families happy and compensate them, reward them with a wide range of privileges. Although each government has its own ways of providing such compensation, in Iraq it includes houses, salaries, land, and scholarships. Such compensation keeps these martyrs' families within the parties' core supporters, re-mobilising or renewing passive supporters in families who favoured their parties in the past but in the last few years appeared unlikely to vote for the parties in power. This seems normal in Iraqi society because these families in the eyes of the people deserve help due to their greater sacrifices in the last decades of wars in Iraq.

However, a former MP from the Integrity Committee in Kurdistan parliament described the degree of deceit used by political parties in power in such allocations of public resources: "*…the politicians built around one thousand houses for martyrs' families from oil money. Indeed, they did not do this formally as a government service for such family, but the house was considered a gift from the party to such family in order to buy their family's loyalty.*"

The question here is what kind of support do parties want to garner when the martyrs' families are supporters already? The parties' strategy comes from the fear that supporters in martyrs' families could drift away to give their votes to other party. My evidence over the last two elections in the Kurdistan region indicates that one opposition party (Goran Party) has increased its votes significantly in areas where many martyr's families live. However, some martyrs' families frankly complained to the media that they were neglected by the parties in power.

On poor families, another targeted area is providing help to poor families, though there is a problem of how this allocation by parties worked. According to a journalist investigator in the journalist's focus group discussion, there were questions about whether these benefits ever reached poor families:

> "*…when the budget of 2013 was set up, there were tables for the allocation of the budget and a bit explaining about the spending. There was money*

allocated for poor families as a social benefit and I personally investigated this money and found that the government money has been distributing in the departments of the political party building. It turned out that members from the political party take lots of money and distribute it to the poor families. As far as I know about this issue, this is a kind of deceit. In this case, I met people who had benefited from this kind of help. On the other hand, I went to the General Director GD of the Ministry of Social Affairs, and I said why you are distributing money at the political party's branch. He (GD) frankly replied that the high official at the top had asked me to do so. Under these circumstances, the government ordered the GD to distribute money at the political party's branch".

The question here is what kind of support is likely to be provided by the parties to the poor. The parties target people who are most easily moved by providing them with small gifts. Parties seem to think that campaigns or long-term rewards may not be enough to sustain relationships with poor families. But building long-term relationships would do better by seeking out several individuals within one single family, rather than frequently following up interactions with nominal and single individual payoffs. Providing salaries rather than gifts may produce embedded sustainable relationships due to the economic insecurity of poor families. Monthly salaries provide durability and sustainability which make relationships characterised by longevity – all of which are features of clientelism.

From the above account instances of connections between parties and organisations or groups three points can be concluded:

First, by contrast to the one-to-one interactions of individual clientelism, organisational clientelism is characterised by diffuseness, in which a wider range of inducements than jobs and welfare benefits are used. Moreover, the funds and rewards given to the organisations by political parties are given not so much to pressurise NGOs or other organisations into adopting a particular political ideology, but rather to persuade as many people as possible to vote or express a positive attitude towards the political parties in power (Warner, 1997: 537). This occurs when an organisation receives funds and goods and services from the leaders and political party candidates, or officials, in return for which the heads of this organisation express their support for a political party or deliver collective votes for the party candidate or support a specific government policy (NGOs focus group discussion). This indicates that such exchanges are marked by collective bargaining that involves buying the support of groups rather than individuals. The exchange can also be labelled as reciprocity where in

response; such organisations collectively support parties i.e. in time of elections or rallies. These organisations, especially NGOs, may help in obtaining access to some offices, or engaging in internal party competitions, or be involved in propaganda for the party candidates to compensate for failure in an electoral campaign, or be involved in monitoring party clients to check their compliance with the parties' wishes. Establishing such relationships between NGOs and other organisation in the above instances with parties in power can also be marked by longevity in that the commitments seem to be long-term as long as NGOs or other organisations have strong link with the parties' interests. This makes the exchange relationship cover most features of clientelism.

Second, this kind of clientelism with organisations provides opportunities for members inside these organisations, who previously spent most of their life in dictator regimes, wars and conflicts in Iraq over many years, to engage in the process of learning skills in running civil society. Such contributions helped to educate them in participation, co-operation, and familiarity with the state's laws and policies.

Third, on the question of implications, these clientelistic activities may compromise the political neutrality of NGOs, and change the NGOs and other organisations (e.g. famous families or small parties) from non-partisan to partisan activism. The diversion of the public revenue to the large political parties and then to other small parties could be considered the looting of public money, hugely costly to the society as a whole. Moreover, it is an obstacle when it comes to building efficient opposition parties or active civil society, because it prevents political leaders from facing any basic challenge to the expansion of their power. Fjelde (2009: 200) argued that leaders in oil-rich countries who are involved in pursuing clientelistic politics, contribute to a situation where entire civil societies and institutions become part of the parties in power. NGOs are supposed to be the key organisations to defend the interests of the citizens against state arbitrary actions. But in the Iraqi situation, there can be no hope for building independent organisations when NGOs and other organisations are so closely linked to the political parties in power. As the journalists in the focus group discussion argued, "*If NGOs take money from the governed, thereby blunting their criticism of the government...This is a process of vision circlet*". This process makes building genuinely independent NGOs or opposition parties difficult: there can be no hope for political watchdogs in the country when not only NGOs but also small parties and tribes are so closely linked with the political parties in power. As a journalist in the focus groups

said this is also another new strategy of the political parties in power *"for not only makes NGOs stay silence but also in full praise of the government"*.

4.4 Conclusion

The main aim of this chapter has been to identify and discuss the first form of corruption in Iraq – clientelism. Four main conclusions can be drawn from this chapter. First, this chapter has shown that clientelism in Iraq is best understood as emerging from the trading of money for political support - '*buy affiliations and buying votes'*. I concluded that such clientelistic relationships in Iraq were characterised by five features: diffuseness, longevity, obligatory, dyadic/collective, and reciprocity.

Second, this chapter has examined whether the data obtained from my fieldwork provided evidence of clientelism in Iraq. The findings of the chapter include the fact that at the individual level, clientelism is manifested in offering public sector jobs, ghost jobs, short – term perks, and retirement pensions. The chapter then illustrated how each one of these categories operated, demonstrating that clientelistic ties may not cover all features but as long as they cover the main purpose of the connection i.e. trading money for buying political support with some of the significant features of clientelism, they can be highlighted as clientelism. Clientelism at the individual level entails parties targeting individuals through mainly one-to-one interactions, whereas at the organisational level, clientelism is manifested in buying the affiliation of groups, marked by collective bargaining. Such instances include buying the support of NGOs, small parties and famous, religious, and poor families, all of which are characterised by diffuseness, using a wider range of inducements than jobs and welfare benefits.

Third, today clientelism in Iraq is more diffuse than the centralised patronage version during the time of Saddam in that currently clientelism by political parties in Iraq is operating through the *muhasassa* system. Also, today the version of clientelism in Iraq is more fragmented in the sense that many political parties have access to the state through the *muhasassa* by which they can have greater access to the state resources. The availability of vast resources in Iraq provides a significant incentive for the elites to buy political support to stay in power for a longer time, which entails spending generously for the benefit of their supporters. In addition to this, clietelistic ties in Iraq are partly related to the insecurity of the economic and political situation that has plagued Iraq over the last decades, in that people

build loyalties with political leaders to improve their economic life. Clientelism through the *muhasassa* system in Iraq may be considered a reasonable method for creating order and stability in an otherwise unpredictable environment, characterised by deprivation and insecurity. Thus, this chapter suggests that clientelism (through *muhasassa*) may have some positive value. In the literature, clientelism has almost entirely negative connotations, but the chapter has argued that clientelism is for some people a rational response to the political landscape facing them. Also, it could be argued that clientelism is a way of redistributing state resources that widens public access to these resources; that it involves more people in politics; and that it leads citizens to learn about democratic skills, cooperation and familiarity with public policies and laws.

Finally, this is not to say that clientelism would be a good alternative to democratic processes in Iraq, since it only includes those who find their ways through clientelism, and opportunities are limited for others. It is more convincing to argue that the negative side of clientelism outweighs the above-mentioned positive effects. The chapter shows that clientelism has exacerbated inequality in accessing state resources, and that people who are involved in clientelistic exchange relationships gain a mutual benefit which is private, and this means privatising public resources for the interest of a particular segment of the community. These clientelistic ties promote mutual benefit between two parties, but they ignore anyone outside such connections, thereby marginalising the masses. Also, clientelism hampers fair competition in accessing the public resources, and in this situation merit, capacity, and professionalism cannot be developed. Finally, clientelism has stunted critical voices in the society by "*calming down people*". Instead of voters holding to account their representatives, clientelism makes voters responsible to their representatives.

Chapter 5   Rent-seeking, corruption and polarisation: 'fractionalization' in the allocation of resources in Iraq

5.1   Introduction

In this chapter, I analyse the nature of corrupt rent-seeking. Unlike clientelism, which is about political corruption, rent-seeking is about economic corruption. The reason why it is important to study rent-seeking is twofold: first, because in various oil-rich countries including Iraq, the state has become the main recipient of massive oil rents, and many state actors often obtain huge personal perks in the form of salaries and personal expense. This has a significant impact on the distribution and redistribution of income in the country, transferring income from the poor to the powerful (recipients of rents), and exacerbating inequality in the ownership and use of public resources. Second, the main recipients may distort the economy through inefficiency in allocating huge rents in favour of politically connected firms and awarding lucrative public contracts for the benefit of specific suppliers. This leads to the distortion of competition in the market, with preferential treatment for market actors based on political affiliation. This rigging of the market for the benefit of a group of rent-seekers, who have close links with political arenas, reduces learning by doing and discourages the development of the economy based on competition.

This chapter argues that unlike clientelism, rent-seeking is not control over state institutions through buying people's affiliation, but control over economic institutions by the monopolisation of economic rents. Nevertheless, corrupt rent-seeking does involve the exercise of state power, in that political, bureaucratic, religious and ethnic leaders use their positions of state power, either directly to benefit from public rents or indirectly by stifling the competition through interlocking with business figures to obtain monopoly rents. Corruption occurs when we see either state actors or market actors creating artificial monopolies and organising privileged forms of opportunities. I show that in Iraq, such behaviour is not confined to a handful of individual cases, but is widespread and systematic, because it is based on sectarian and strong parties' division of power.

The aim of this chapter is threefold. First, I clarify the meaning of corrupt rent-seeking in the context of Iraq. I explain under which conditions rent-seeking can be considered as corruption, arguing that artificial monopolies created by the state or political groups to benefit sectional interest groups is the crucial factor distinguished corrupt from non-corrupt rent-

seeking. Second, by using data from my fieldwork, I proceed in section two to differentiate between two types of actors -state actors; and market actors- to explain their distinctive roles as corrupt rent-seekers, and to identify the channels through which each type of corrupt rent-seeking is carried out in Iraq. The chapter will argue that rent-seeking monopoly has a serious social cost by syphoning off public funds, reducing the extent of learning by doing, and widening economic inequality. However, the chapter will conclude by discussing whether the end of corrupt rent-seeking might be worse, by creating bloodshed and violence which would cost the country more than the current monopoly by different groups.

We begin with a conceptual definition of rent-seeking in the context of Iraq.

5.2   The context of corrupt rent-seeking in Iraq

In chapter 2, I discussed the concept of rent-seeking, outlining what it is, and discussing various concepts with very close links to it. I concluded what makes rent-seeking a form of corruption is its creation of an artificial monopolistic situation. In chapter 2, I distinguished corrupt rent-seeking from non-corrupt rent-seeking such as profit-seeking as legitimate income maximisation in the market; and from rent-seeking as lobbying, when some groups within a society organise themselves as special interest/pressure groups in order to increase their influence in distributional outcomes.

In this section, the main enquiry is how does the above definition of the concept of corrupt rent-seeking apply to Iraq? If, as I argued in chapter 2, the difference between non-corrupt rent-seeking behaviour and corrupt rent-seeking behaviour lies exclusively in the fact that the latter involves artificially monopolistic practices, are there such artificially monopolistic practices in Iraq? Referring back to chapter 1, we saw that two factors distinguish Iraq from other contexts. The first factor is its rent-based economy which provides a vast supply of money to the politicians and elite groups without any effort on their part, i.e. oil money. The second factor is related to the political process of sectarian *muhasassa* and party lines in the formation of the government. On the first factor, the word 'rent' in oil-rich countries has a different meaning from rent in oil-poor countries. Technically, in oil-rich countries, rent is defined as the difference between marginal cost in producing a barrel of oil and its price in the international market. For instance, until 2015 before the price of oil fell, a barrel of oil had levelled off at more than US$100 per barrel. The cost of per barrel production in Iraq stands at US$10.7 on average (Sky news Arabia, 2016), and the difference between the

marginal cost (US$10.7) and the marginal revenue (US$100) is called resource rent. In oil-rich countries, rent-seeking by an artificial monopoly is often described as 'royalties', based on the concept of the traditional requirement to pay the king a share in the oil rents. This notion of royalties was commonly used when contracts were drawn up between the state and the IOCs, and it is still used in some oil contracts.

However, what I am concerned about here is not royalties but links between the state and the huge rents that are garnered from massive oil wealth. The first relationship between the concept of rent and the state comes under the name of the rentier state, a term first used by (Mahdavy, 1970) in an article entitled 'The pattern and problems of economic development in rentier state: the case of Iran'. Mahdavy labelled the rentier state as the state that relies primarily on income rented from the raw material of oil. Unlike other countries where government revenue is generated through taxes, in a rentier state oil has become the main source for financing all government activities. Beblawi (1987) studied the Arab state in his article 'The rentier state in the Arab world', and he highlighted four major characteristics common to rentier states in the Arab world: Rentier income is the prevailing source of income in the national economy; because oil rents are so large, the local economy does not need a strong productive sector; a small percentage of the total workforce is employed in operating oil rents; and the state (the government) is the main recipient of the rents. This last characteristic (the state is the main recipient of the rents) has had a great impact on the Arab oil countries in the Middle East including Iraq. After 1970, Iraq, changed from a commercial state into a rentier state as the government became the main recipient of oil rents.

As long as the state is the main recipient of massive oil rents, with legal authority to allocate and distribute oil resources, rent-seeking in the form of artificial monopoly flourishes. Typical examples of the interaction between the state and private parties where the state has a monopoly over the distribution of its rents occur in the form of lucrative contracts and preferential treatment of some firms over others. Such activities have a great impact on the distribution and redistribution of income, as many investors choose politics rather than engage with the process of competition in the market. In Iraq, access to the market is theoretically open to all in legal terms, but in practice it is limited to those who have a connection with elites in power (Sawaan, 2012: 110). Typically, this kind of artificial monopoly is related to market privilege, as Hafez (2009: 465) pointed:

"The political system [in the Arab world] in place owes its survival to the redistribution policy of such [oil] rent and through the services it extends to its client base. Government services as such have become a source of rent to their recipients. On the other hand, the private sector generates its own form of rent through the exercise of control over relationships between producer and final consumer".

The result is that the market changes under the rubric of preferential treatment, becoming controlled by those who have close links with politicians and therefore more influence on their decisions. This provides an explanation of a different kind of monopoly of rent-seeking from that prevalent in a Western democracy. In Iraq, the monopoly of rent-seeking emerges as the state is the main recipient of the rents and the state has a monopoly right in operating such huge rents. The monopoly is therefore not the result of lobbying of legislatures by powerful firms as in the West; rather it is the result of the government in power allocating lucrative contracts, and licenses in preferential ways to firms that have a connection with political arenas. Under such political considerations, market actors can create rents through enjoying special privileges, which many economists denounce as a distortion of resource rent allocations and as corruption. For instance, Krueger (1974: 302) labelled such rent-seeking as "showing favouritism" to one group in the community over others, and choosing an unequal distribution of income. Favouritism is favouring a person, not because s/he is competent or capable of doing his/her job but rather due to some membership of a favoured group, or personal like and dislike. Tamin (2015: 32) argued that favouritism is an abuse of power: "favouritism is a mechanism of power abuse… favouritism is closely related to corruption insofar as it's implies as corrupted (undemocratic "privatised") distribution of resources. In other words, this is other side of the coin where corruption is accumulation of resources".

On the second factor that distinguishes Iraq from other countries - the political process of sectarian *muhasassa* and party lines in the formation of the government - the Iraqi political system has been transformed through managing oil rent. Before 2003, the Iraqi government allocated massive oil rents through one ruling party, called by Gunter (2013: 47) a kind of state capture[33] of economic rent where all the economic rents were under the control of one political party- the Ba'athist party or Saddam's family. The behaviour of Saddam with the oil sector and oil rent led to corruption, repression, and an authoritarian military regime (for

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[33] Writers called state capture the process whereby substantial amounts of the economy were in the hand of a few state actors (For e.g. see: Anderson and Gray, 2006: p.9).

more detail on rentier state and dictatorship see: Al-Janabi, 2013). However, since 2003, there has been a transformation from one single dominant ruling party a more open one, with but factionalised groups in power, and one ruling party capturing rents has been changed substantially into wider sectarian forms of capturing rents. The Iraqi state is now divided between political parties sharing power based on *muhasassa* between groups in power.

Here *al- muhasassa* entails easy access to the money and monopoly of the economic activities in the market. By accessing the state to take their shares through *muhasassa*, parties build up their economic resources. Rent-seeking in Iraq through the *muhasassa* system involves a practice that is integrated into the political process. It is shared between three elites (Shia, Sunni and Kurds), where political power is more fragmented, supporting its trilateral sectarian and parties' lines of rent-seeking, making rent-seeking more fragmented. This raises an interesting feature of current rent-seeking – that it appears to be operating in a way that seems legitimate: i.e. rent-seeking through the political process of *"sharing power and sharing in wealth"* (a fomer Kurdish MP in the Iraqi parliament said that).

On the one hand, Iraq is formally a constitutional and parliamentary system, but on the other hand that system is characterised by a distribution of power based on sectarian quotas - *muhasassa*. Many political parties in the government seek shares in power and rents, and offer lucrative rents to their members in either salaries or personal expenses, or other privileges. Many political leaders in Iraq in post-2003 have exploited their sectarian/religious and ethnic affiliations to accumulate not only great power but also great shares in rents.

The size of the rents involved in these corrupt activities has increased proportionately to the level of oil production, which is currently around 4 million barrel per day[34], as Iraq is more open to the world today than in the past, and although there is uncertainty about the size of the rent monopoly that is secured by each group in power, it is incontrovertible that the more rent they have, the more influence they exert. Rent-seeking is usually understood to be a situation in which market actors can achieve economic rents by an artificial restriction of entry into the market (Buchanan *et al.*, 1980; Lambsdorff, 2002). Nevertheless, Moran (2011: 37) pointed out that "corruption is essentially about political power and its distribution. As economic actors must illicitly use politics to exert wider influence, political actors must use

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[34] See for more detail on the web of Iraqi Oil Ministry; https://www.oil.gov.iq/ and Extract Industry Transparency Initiative http://ieiti.org.iq/ and Kurdistan regional Ministry of Natural Resources; http://mnr.krg.org/index.php/ku (Accessed at: 20 August 2016).

their illicit control of the economy to gain resources". In the case of Iraq, the distinctive feature is that groups use the political process for monopolistic economic gain, where each group in power tries to generate monopoly rent through the political process, in which they share in power, and thereby they share in the wealth. The sectarian leaders influence budgetary allocations, so any definition of rent-seeking monopoly in Iraq is inextricably linked to the political process.

Does this mean that corrupt rent-seeking originates in the government, and not in the market? No, the definition of corrupt rent-seeking in Iraq comprises both economic and political actors, because market actors are involved in business which is interlocked with political leaders and takes advantage of political considerations in obtaining government licensing and projects. So corrupt rent-seeking is endogenous to the political process. My definition of rent-seeking in Iraq is, therefore, as follows: 'rent-seeking monopoly is a situation in which state power has been used through the political process to achieve monopoly rent by artificial restriction over the state budget allocation, as well as allocation of government resources to favourable firms by political considerations'. This monopoly generates regulatory rent through state resources either legally by allocating huge salaries and personal expenses by high state actors, or legally/illegally by preferential treatment for some politically connected firms.

It is the presence of monopolisation that differentiates corrupt rent-seeking from non-corrupt rent-seeking in the case of Iraq. But does corrupt rent-seeking have more than one condition - monopolistic situations? My view is that corrupt rent-seeking has only one condition - artificial monopolistic situation- and that the issues of legality/illegality or private/public interest are not relevant to the definition of corrupt rent-seeking but only to its justification. Rent-seeking is corrupt if it arises from an "*artificial monopolistic situation*" [35], regardless of

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[35] Such artificial monopoly may be abstract and complex and it may be better explained by providing examples. Consider a company producing (item X) with a total cost US$20 per each item, but the item can be sold in the free market for US$35; the company obtain a rent of US$15 for each item. But the real market competition of this rent is temporary. Perhaps, some other firm appears in the market and provides better quality of the same item with a total cost of US$15 per item and can be sold with cheaper price for only US$25. Suppose the previous company seeks to convince the king, president, or prime minister to grant a monopoly right to ban any other companies in the market to provide such item X. The government will order others to keep out of the market, and here the monopolisation involves the distortion of competition and the rent reflects the diversion of benefits from consumers in favour of the rent-seekers. Presumably, there may be some benefit, as the product is made available to the public. But the entrepreneur will capture a sizable profit or rent through preferential monopolisation, and this activity will be seen by other potential entrants as protected by royal or state monopoly privilege. Such artificial monopoly rent is obtained by the original firm but people or consumers are paying an additional US$10 per item, not because the value and quality of item is good, but

whether it is legal or illegal or serves the public good or some private or sectional good. As I argued in chapter 2, the legal definition of corruption – any illegality - is insufficient to capture such behaviours, especially in Iraq where the processes take place mainly on a legal basis, and where there is lack of a settled system of law and order in which there are not clear boundaries between right and wrong behaviour in public office. Faraj (2013), the former head of the Public Integrity Commission in Iraq, argued that the nature of the rules is a basic problem in Iraq, and he claims that the issue in Iraq is that the legal system has not reached such a standard as to consider some state actor's behaviours as corruption[36]. He pointed out that we do not have a clear standard on what constitutes breaking the rules.

Hickel (2014) states that in the UK, the royal family own 120,000 hectares of the nation's lands, from which it extracts an annual payment of up around US$65.7 million as a rent for the properties' ownership, and Hickel asks why this rent-seeking monopoly by a public servant is not considered to be corruption in the UK. The answer is that the British parliament votes annually to approve these royal payments, and the royal family's expenditure is subject to public scrutiny. So perhaps we should add lack of democratic approval and lack of auditing to the criterion of monopoly as a condition of corrupt rent-seeking? If the Iraqi politicians subjected their extravagant salaries/personal expenses/transactions and other perks to democratic approval and regular auditing, it could be argued that this rent-seeking is not corrupt. But in Iraq, the sectarian-based government would make it hard for such scrutiny to take place as every group would protect every other group from scrutiny in order to ensure that they themselves were similarly protected (see the next chapter on corrupt protection).

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because they do not have any other options in an artificial monopolistic situation. If the market were open for competition, then the item could be obtained at a cheaper price and better quality. This kind of monopolistic regulation can be illustrated by the example of Benazir Bhutto, the former Prime Minister of Pakistan, when her husband obtained a licence as a monopoly profitable importer of gold to Pakistan (Lambsdrom, 2006). Another case is in Saudi Arabia when the son of the interior minister obtained a car repairs monopoly licence, by benefiting from his father's position. His father convinced the king to issue a decree in which the annual inspection of 5 million registered cars should be carried out only by his car repair shop (Lambsdrom, 2002). Moreover, artificial monopoly may not only relate to the market, but also to the state, suppose high state actors secure huge salaries and personal expenses. Here, economic rent arises because artificially contrived scarcity means a huge amount of money is transferred to state actors. This state kind of artificial monopoly may be more important if the salaries and prerequisite of the officials in poor nations are very high compared with those in parallel positions in many rich nations. To sum, a rent-seeking act does not become corrupt unless it results from a privileged or artificially monopolistic position. The actors are not only confined to the market, but state actors also can be involved in such artificial allocation of public resources in a very unequal manner.

[36]Also, the same issue discussed by a former Iraqi high commissioner, when I personally met him in December 2014, and said "corruption by law".

In brief, rent-seeking through artificial monopoly can take many forms, and involve many actors, including high officials, bureaucrats and non-state actors - i.e. market actors in companies with link with political arenas. In the next section, empirical evidence is provided of the activities of these actors in Iraq.

5.3   Rent-seeking actors in Iraq

The purpose of this section is to identify who are the corrupt rent-seeking actors in Iraq, and *why they can be considered as creators of an artificial monopoly.* To answer this question, I examine the perceptions of monopoly rent-seeking expressed by elite interviewees and focus group members who gave me their views during my fieldwork between 2014 and 2015. The findings presented here show there are two kinds of rent-seeking actors in Iraq: (1) state actors; and (2) market actors. The first category is composed of actors within the political groups in power in the state who have the authority to access state resources and opportunities for earning rents through awarding high salaries and personal expenses and benefiting from transactions including public contracts to generate rents through favouring specific suppliers. The second category is of market actors who receive more credit because of political considerations than do non-politically connected firms, illustrating another condition under which political groups give preferential treatment to politically connected firms. Market actors are engaged in corrupt rent-seeking behaviour within the market system through exerting control over the market by restriction of competition. Building a relationship with the political parties based on preferential treatment is an important aspect of monopoly renting by market actors. Also, some political groups are involved in the market by having their own companies which constitute large monopolies. However, such firms either directly or indirectly owned by state actors or political parties may not be long-term monopolies, unless their awards are linked to the support obtained from the parties in power. The evidence for corrupt rent-seeking in the market is not as extensive as the evidence for corrupt rent-seeking in the state sector, not because such activities are less widespread, but because they are more hidden and less apparent and thus harder to identify. Below I will analyse in more detail these two main sets of corrupt rent-seeking actors in Iraq: 1) state actors; 2) and market actors.

5.3.1 State actors -state level-

An Arabic (proverb) said *"when the camel fell down, butchers will increase. In my*

view, Iraq has become a camel and politicians and factions or groups play the butcher role in which each party cut the amount of the meat that they want". (A former Kurdish MP in the Iraqi Parliament said that)

To what extent does the availability of rent become an instrument for self-enrichment by political leaders in Iraq? State actors may engage in corrupt rent-seeking by creating income opportunities through their political positions. The existence of factional political groups in Iraq creates potential opportunities for such corrupt rent-seeking from the public purse. The Iraqi political system is highly factionalised, based on sectarian affiliations, which has led to the creation of positions for political elites to take their own stake from state funds. According to a Kurdish MP in the Iraqi parliament, *"in the system of sectarian appointments, everyone wants a portion of power…they also want to share in the wealth*". The sectarian appointments have created a fertile ground for obtaining positions and arbitrary rewards from public money (Faraj, 2013). Over the last decade in Iraq, there has been a dramatic expansion of the wealth of many civil servants, raising the question of whether this is a result of widespread corrupt rent-seeking by state actors.

Data are difficult to obtain on this issue because such practices have been taking place at the highest level of the political system, access to which is extremely hard, even though such behaviour is arguably not necessarily illegal. However, information obtained by interviews and focus group discussions as well as from archives on wealth data has enabled me to throw some light on state actor monopoly of rents. The discussion is divided into the three main sources of state actor monopoly of rents: salaries/expenses, transactions, and contracts.

5.3.1.1 Salaries/expenses

One primary source of corrupt rent-seeking salaries among high-ranking state actors is an exaggeration of their claims for personal salaries/personal expenses. The officials in Iraq support policies that create rents to distribute among themselves either in the form of salaries, or in the form of what is called in Arabic *al-nathria* (additional money- personal expenses). Beginning with salaries, according to Faraj (2013), the former head of the Public Integrity Commission in Iraq, in his book entitled *Corruption in Iraq: Destruction of elites and chaos rule*, "There is no law in Iraq to limit the salaries of the three important positions at the state level" (p.76). These positions include the president and vice-presidents of the Republic of Iraq, the speaker and deputy speakers of parliament, and the prime minister and deputies of the prime minister. According to data and information provided by Mr. Faraj, obtained from

the Supreme Auditing Board in Iraq, the former Iraqi president and former speaker of parliament took regular salaries of around US$70,000 per month. Such salaries are amongst the highest in the world for such public servants. For example, the president of Vietnam receives US$1,650 per month (Faraj, 2013:76); the president of Indonesia receives US$5,358 per month (The Jakarta Globe, no date) (while the population of Indonesia is four times greater than the entire Arab world); the Chinese president receives US$22,300 a year (Associated Press, 2015); the President of the US takes US$33,333 per month; (Auual Salaries of Top US Governmnet Officials, 2016) the Chancellor of Germany takes US$25,650 per month, the president of France takes US$14,700 per month (Tiwari 2012), and the UK prime minister receives US$18,430 per month (BBC, 2015)[37].

Moreover, there were three vice- presidents, one each from the three sectarian components of Shia, Sunni, and Kurds, and each vice-president took US$81,250 per month (Faraj, 2013:77) (Note that this distribution of power does not exist in the Iraqi constitution of 2005). The salary of the Iraqi Prime Minister was US$51,000 per month, and his predecessor had three deputies from the Kurds, Shia, and Sunni groups respectively, each one taking US$47,000 per month (Faraj, 2013:77). Also, Iraqi MPs' salaries are among the highest in the world: each MP receives a salary of US$35,000 per month (Faraj, 2013:77), whereas UK MPs receive £74,962 per annum which is roughly equivalent to US$8.000 per month (UK parliament, 2016) and congressmen from the US take $174,000 per annum (US$14,500 per month) (Brudnick, 2016).

In addition to their salaries, state actors are allocated allowances or expenses, which are called in Arabic *al-nathria* (allocation expenditures). For example, in 2010 the annual allocation expenditures for three high state positions were as follows: the prime minister office US$939 million; council of the ministers US$78 million; presidential office US$102 million; and the office of the speaker of parliament US$270 million (Faraj, 2103:78).

What are the reasons for such predatory behaviours by Iraqi leaders? The above examples of salaries and personal expenses show that a huge amount of public resources goes to elites who can use their state sectarian positions to extract wealth from the public purse. Such resources could otherwise be used more efficiently by more energetic, skilful people who

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[37] These all discussed by Mr Faraj but I have updated the picture in more comparative ways with other leaders in the world. See more details of the annual salaries of the leaders in the world published on CNN web under the title: *How world leaders' salaries stack up*. Available at http://money.cnn.com/2015/03/10/news/economy/world-leaders-salaries/. (Accessed: 20 July, 2016)

could produce more economic growth. Such examples of artificial monopoly is characterised in the literature as a kleptocratic state where state actors' objectives are to maximise the welfare of themselves (Coolidge and Rose-Ackerman, 1997). Musa Faraj confirmed that in Arabic, the term "A*l-Hukom al-Susus or process of looting of public assets*" means the same as kleptocracy (Sarmak, 2013). Such behaviour is not only found in Iraq: many other leaders in Middle Eastern countries have reached the same level of riches at the expense of the public wealth[38].

These are examples of corrupt rent-seeking because the politicians who receive the inflated salaries are exploiting their privileged positions in the state food chain to demand generous rewards. In other words, the reason why this is an example of artificial monopoly is that such state actors are benefitting from their senior status to gain special treatment which is denied to the general public. In my view, this is a more convincing argument for designating such rent-seeking more corrupt than because it is in violation of the law.

Such distribution and redistribution of public wealth has widened the gap between elite and poor. State actors in Iraq are not concerned with the welfare of the public: this behaviour in the allocation of public assets is in sharp contrast to any traditional rules that governments should observe in public allocations. As a member of the focus group of journalists, argued, "*oil has benefited only the elites, not the mass...actually, we have never seen any benefit of oil for the Iraqi people*". A Kurdish MP in the Iraqi parliament said that "*this has been happening in Iraq due to the absence of the system and personal mood play a major role in the distribution of the revenues*". Another former MP in the Iraqi parliament noted that "*sectarian division as a major problem from benefiting the public goods, and instead being syphoned off into the pockets of the various elites*". A Kurdish web site wrote that the salary of an MP per month in Iraq is 70 times higher than the salary of a teacher in primary/secondary schools, and 225 times higher than the salary of a disabled person (Xendan, 2015). This reinforces the stratification of an unequal society, for instance, both local and the World Bank statistics show that income inequality is worse in Iraq; the poverty line has increased so that out of 34 million population 6.89 million are poor, meaning that 22.9% are poor (World Bank, 2011: 15-17 and Al-Anbari, 2015). Also, it has led to damages the social fabric, posing a danger of social unrest. An independent commentator from Arabic Shia background argues that "*feel of deprivation will cause violence*".

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[38] There is much anecdotal evidence available in the Middle East about leaders who are the richest people because of their political connections, including Saudi Arabia, Qatar, Emirates and Iran.

However, although these actions are motivated by the self-seeking interest of politicians which we labelled as corrupt-rent-seeing, and widen the gap between rich and poor, they could have a positive impact on public welfare if the politicians were to redistribute some amount of the allocation given to their clients to fund economic projects– which would improve the growth rate of the economy. Although this may be true, any such economic growth based on investments from personal gain and enrichment of the politicians, as Klitgaard (1988) argues, would be a distortion of the competitive forces in the economy by political leaders of public policy to suit their own interest. Good examples of the disasters of such personal investment strategies happened under the regimes of President Marcos in the Philippines, President Samoza in Nicaragua, and President Mobutu Sese Seko in Zaire (see for e.g. Naylor, 1987).

 Another possible justification for the rents given to state actors is that it is necessary for the sake of keeping a balance in Iraq between the three main sectarian components of the country - Shia, Sunni and Kurds - sharing power by taking positions at high state levels. Another possible justification for the rents given to state officials is that they need large amounts of money to fund their personal security. The security situation in Iraq has not been stable over the last few years, so high state officials probably need to have personal guards.

However, such huge allocations are viewed in the eyes of Iraqis as unjustified when the country suffers from economic crises in particular after falling oil prices. Under the pressure of public protests in Baghdad, the new Prime Minister Haidar al-Abady with his first package of reforms, abolished his three deputies from Kurds, Shia and Sunni groups; abolished the three vice-president posts; reduced the salaries for the posts of prime minister, president and MPs by more than half; and reduced the number of bodyguards by 90%. These reforms were welcomed by almost all of the Iraqi people, and were accepted by the majority of the MPs in the Iraqi parliament. One MP currently on the financial committee commented on the first package of reform that "more than six billion Iraqi dinars which is equivalent to US$5 million would provide to the state budget per month in case of abolishing vice presidents and the deputies of the prime minister" (Haidari, 2015). The bodyguards will be reduced from 10,000 to 1,000. So from this first package of reforms, around US$100 million per month was provided to the state budget. Another positive sign is a reduction in the proportion of the public budget going to fund the administration compared to the funds going to fund investment. A Kurdish current MP in the Iraqi parliament said that *".... in Iraq ..., 70% of*

the public budget/oil revenues went to the operational aspects in the form of salaries/expenditures and only 30% went to the investment aspects ...... and currently 63% of public budget goes to the operational aspect and 37% has been allocated for investment".

5.3.1.2 Money transactions

Another source of rent-seeking is controlling state central banks by manipulating public money. Here, the elites involve their relatives and close supporters, constituting a small oligarchy, often using fake names (not the real businessmen's names) demanding dollars from the bank under the justification of importing products to Iraq. Through these transactions, a huge amount of money has been transferred outside Iraq. For example, Ahmed Chalabi[39], the MP who was head of the Finance Committee, revealed a very sensitive case during the time of Maliki said that

> "Somebody called Mohamed Yasser Mohsen, who is the founder of the company called '*al-Taib*' and manager of the bank called '*al-Huda*'. He was buying dollars from the Iraqi Central Bank in a daily manner with fake documents and transferred it to the account of the fake companies. The investigation refers that Mohsen throughout last three years transferred US$6, 555, 666,368 from the Iraqi Central Bank to the account of the three fake companies into the *al-Iskan* Bank in Jordan". (Rudaw Arabic, 2015).

This transfer caused the Iraqi dinar to lose its value in relation to the dollar in April 2014, reaching 1,320 dinars for each dollar until it levelled off at 1,230 dinars for each dollar (Latif, 2012). Ahmed Chalabi said in his interview channel TV *al-Hiwar* (Dialog TV) "we revealed that there were lots of transactions that were carried out in Iraq and they have partners in the Iraqi Central Bank, and there were the high officials in the state support/protect them" (Rudaw Arabic, 2015). As he said, because of the *muhasassa* system, the groups protect each other, and an order comes to them from the top not to speak about acts which they know to be corrupt.

Sometimes these transactions were undertaken by groups. Talal Zubai, who is currently head of the Integrity Commission in the Iraqi parliament, said that "there was a group including 66

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[39] Ahmed Chalabi was head of the Finance Committee in the Iraqi parliament when he revealed such information in his interview with Iraqi TV on Nov 3, 2015. Later in the same night in unknown circumstances he died. This demonstrates it is hugely risky for MPs or members of other institutions to reveal such information. Part of his interview in Arabic: https://www.youtube.com/watch?v=deX0q1f4RPw (Accessed: 5 November 2015)

Iraqi officials that was led by the former Prime Minister Nuri al-Maliki, running complex networks within the state institutions. They used different mechanisms and official shields to cover up their suspicious transactions" (Middle East online, 2015). And a source from the Iraqi parliament confirmed that the financial transactions that were carried out by the former Prime Minister in co-operation with his family members over the last six years in power occurred either through the Iraqi Central Bank or through the other financial exchange companies. All of these transactions may be considered very suspicious, especially because of the revelations of the destinations of the bulk of money involved, which were transferred to private banks in Switzerland into al-Maliki's own account or those of his family and leaders of his Dawa party (Middle East online, 2015). There is also a document published in Kurdish and Arabic that shows almost all Iraqi leaders are involved in accumulating wealth for themselves. The document listed Maliki as number one with US$50 billion (Electronic Iraqi Newspaper, 2015).

However, can the above transactions be classified as artificial monopoly rent-seeking? What can be argued in this section is that through such transactions, political elites and their entourages have captured private benefits by misusing their official power. The most extreme form of artificial monopoly is where maximum rent is extracted. Acts are considered as artificial monopoly when state power is used to seize public funds for private benefits and privileges. In such cases, monopoly can be labelled as looting of public money. Two processes here are important for politicians: the first is personal enrichment, and the second is survival in political office. Since politicians have access to state resources, they can expropriate rents both for private gain and for resources to be available for use in times of election. Such behaviour is not peculiar to Iraq: it is prevalent in many developing countries. For instance, this description seems to resemble what occurred in Zaire under President Mobutu, who, as Bjorvatn (1995: 149) has stated, " [r]unning the country as his own private business, President Mobutu has been able to amass enormous amounts of money, by some estimated to equal half of the country's external debt, currently [1980s] at USD 10 billion"

5.3.1.3 Contracts

Unlike high state actors, who sometimes may be motivated by political reasons and non-pecuniary values such as recruiting people for electoral purposes, senior officials in governmental administration (bureaucratic civil servants) may be mainly motivated by money

rather than by any political considerations, though it could be argued that they also seek to maximise their party's political influence. In this section I will throw light on some government contracts, for which contractors may use indirect mechanisms in order to be designated as 'prequalified bidders' which entitles them to monopolise as favoured suppliers. In these contracts, it appears that contracts were obtained by distortions carried out to circumvent government regulations. In such practices, low level state actors (at the bureaucratic level) were following the instructions of their superiors, not asking for individual bribes or special gifts to carry out their task, as may be the case in many developing countries or sometimes in developed countries. I will provide many examples of such corrupt rent-seeking in the allocation of Iraqi public contracts where the corrupt rent-seeking was carried out by diverting government money to tasks other than those for which the original allocation was made in the first place.

There are many examples of contractual malpractices over the last decade in several Iraqi sectors. As a current Kurdish MP in the Iraqi parliament, said: "*we have tens of thousands of files on related to contract malpractices or suspected corrupt deals*". Another MP, who was member of Integrity Committee in the Iraqi parliament for four years, said every minister was involved in malpractices in contractual agreements relative to the size of their budget, and he claimed that "*the bigger the ministry, the more the widespread malpractices contractual arrangements there are*".

Suspicious malpractices in contracts involved, more subtly, contractors using various mechanisms in order to be designated as a 'prequalified bidder'. For example, in the current Iraqi trade ministry, Malas Mohammed was accused of being associated with a "prequalified company associated with his brother based in Jordan without competition" (BBC Arabic, 2015). In the trade ministry, as revealed by Soiba Zanghana, the former vice-minister of trade, in an interview with al-Baghdadi TV in the programme '10 years of failure in Iraq', Prime Minister Maliki interfered in the ministry's daily work, including Maliki sending people to sign contracts for people near to his group, which she called a group of Mafia (Zanghana, 2014). Prequalified companies were revealed in 2011 by Judge Rahim al-Ugaili, the head of the Integrity Commission, to include 'Shell Company' used by senior Iraqi officials to award the contracts. He also revealed that the Iraqi government fully paid the company although the projects were not completed (Cockburn, 2013). Also regarding prequalified companies, a high commissioner in Iraq from Arabic Shia background, talked about millions of dollars

taken from international companies in cases involving the *"minister of oil* [he did not mention which minister] *and other very well-known person* [politicians]". Moreover, a former MP in Baghdad and from Arabic Sunni background gave the example of Sonar Device for checking cars in the checkpoints in order to make sure that cars are clean and do not contains bombs: we "*certainly have evidence and witness that the contract was transferred to the company not by competition. This had caused many deaths of innocent Iraqi people over the last few years"*.

In other cases, suppliers might use some elements of a 'colluding attachment' to be prequalified, such as secret agreements between civil servants and firms in which the quality of the items is changed. For example, a Kurdish MP in the Iraqi parliament said that in one deal, "*items* [for the sake of confidentiality he didn't mention the name of the item] *that were supplied to the government were of lesser quality than agreed, and cost only US\$ 0.50 each to produce, but the government was charged the full agreed price of US\$15 for each"*. Another example of malpractices within these contracts came to light when hundreds of Iraqi soldiers were killed during the battles with "ISS" because bullet-proof jackets and helmets which were supplied to the Iraqi army were inadequate to protect soldiers, because they were of poor quality, bought cheaply from Chinese suppliers. The price of adequate bullet proof jackets and helmets was US\$47, but the Iraqi army bought Chinese-manufactured ones, for US\$19 (Mukhtar, 2015).

However, can the above malpractices in contractual agreements be classified as artificial monopoly rent-seeking? In answer to this question, we distinguish between the two sides of contracts: officials and suppliers. First, with regard to the officials negotiating contracts, if they are affected by their political parties, they desire to maximise their personal gains, and they are willing to choose an inefficient supplier and distort the bidding process by discriminating in favour of a specific contractor, and their actions seem to be preferential treatment and therefore making artificial monopoly for specific suppliers. Second, what must be noted is that the suppliers, who were given priority positions and access to different types of privileges, would not have obtained these contractual allocations if they had gone through official channels or a competitive selection process. Such examples above reveal collusion, characteristic of secret agreements between civil servants and firms, in which the bidding processes, have taken place without clear transparent competition. In all the above cases, the

privileged suppliers could skimp on quality, and illicit rents were produced either for civil servants or for political parties.

The above example shows that skimping the quality while the government is fully charged generates artificial monopoly rent for civil servants/suppliers. For example, in one of the above cases, the government paid US$15 per item while the cost price was only US$0.50, which meant that for each item, public civil servants/suppliers took US$14.5 as an illicit rent. We can see that such contractual practices constitute corrupt rent-seeking and the actual artificial rent-seeking mechanism is clear enough. There might be, for the sake of formality, some competitiveness within the bidding process, but this competitiveness may itself incorporate discrimination in favour of specific firms (Lien, 1990). In short, the reason why these contractual malpractices are examples of corrupt rent-seeking is that the bureaucrats who negotiated them have used their privileged positions of inside knowledge and authority to syphon off funds that should have been used to fulfil the contractual obligations, to go to their personal or party benefit.

Such malpractices in public contracts might not only be committed by civil servants for personal enrichment but for their political parties. A former Kurdish MP from the Iraqi parliament said that:

> *"…a party selects a minister; this minister tries to keep its party's interest rather than give priority to the national interest. The minister attempts to maintain the cake that given to its party. In addition to this, the minister tries to keep a part of the cake for his family… these ministries have contracts in different aspects, and each minister tries to give these contracts to the companies that have strong links with leaders or members of his/her party. And also try to facility as much as s/he can for the members to have great benefited from these contracts…each party in Iraq represent its narrow political interest".*

It is undeniable that many political elites used public assets to cement the party's control by distributing the rents across party lines as a way to maximise the parties' utilities. Each group that came to power based on sectarian appointments viewed its period in power as a means of serving the party and their families, not the public good. In other words, those who took power over the last decade have used their official positions to enrich themselves and aid their groups who support them in getting power. These groups see their rent extracted from government contracts, not as theft by individuals seeking to steal state money, but as a

legitimate entitlement - they view their state positions as a short-term means of serving the party as well as personal enrichment. Much of this rent has been used to build up party organisations across the country, as a high Iraqi commissioer testifies:

> *"Before 2003, many of Iraqi political parties didn't have enough money to build up camps/branches, but now they have lots of branches in a whole Iraq, and they have three to five TV stations, and salaries have taken in very open ways. Imagine some of the political parties got many TV stations and many websites. For instance, Maliki has built many TV stations and opened many websites all of them take their money from his office as a prime minister. All employees receive money from the government but actually they work for Maliki's party in either in TVs or the websites".*

However, others claim that it may be harder to prove a political connection in these contracts than to prove irregularity in their procedures. As another Iraqi commissioner, said: "*It would be hard to prove that the contracts for infrastructure projects by companies have any connection with the political groups, rather we proved the violation of the formal instructions in assigning and implementation of contracts.*" But even proving irregularities in procedures is difficult, because the commissioner believes that "*violations of the legal instructions in regarding the contracts have to be interrogated by the Iraqi Inspector General in the different Ministries, or the Public Integrity Commission should do so*". The work of these two institutions is itself problematic: as we will find in the next chapter, their work has been politicised. As a higher commissioner said, "*the integrity commission needs integrity.*"

Finally, the consequence of this kind of rent-seeking has to be addressed. What damage does such corrupt rent-seeking contracting do to society and the economy? The answer is that it does matter because the consequence could be enormous. First, it means that poor quality goods are delivered to the government, probably with longer delays in meeting production deadlines (as in the case of the Sonar Device). Second, such firms may evade liability for paying taxes. Third, they avoid accountability for their corrupt dealings. The primary aim of all these contractual agreements was to build an adequate infrastructure in Iraq after its wars, but the results have been further wasting money and the disorganisation of the public agencies, leading to a sharp rise in inefficiency.

Several points can be concluded from the above discussion:

First, the above examples of corrupt rent-seeking may appear at first sight to be not an abuse of public power but a normal and legal part of the political system. For instance, looking at

allocation of salaries, one could argue that there is nothing wrong with these allocations because they are a personal right for officials. As a higher commissioner said, "*corruption occurred by law in Iraq*". However, as another commissioner, Faraj, (2013) argues that, law in Iraq does not reach such a standard to define some high official's acts as corruption. In other words, the claim that corrupt rent seeking is legal does not mean that it is acceptable, rather that the law is itself deficient.

Second, the important thing we have to conclude here is the harm done by diverting government revenue for personal benefits - i.e. the misallocation of public funds. Iraqi state actor rent-seeking is the means whereby parties have captured a massive share of the public wealth. According to Coolidge and Rose-Ackerman (1997: 47), it could introduce inefficiency in which like all monopolists, the state actor " seeks productive efficiency except in those cases where inefficiency creates extra rents". Corrupt rent-seeking by state actors through salaries, expenses and other benefits compounds the favourable treatment given to people who are appointed through the sectarian appointments system. This system has led the state to lose its own autonomy, and its power of allocation over economic revenues has been politicised in the form of creating jobs for elites with high salaries and distributing privileges to their followers. A former MP in Baghdad from Arabic Sunni background, described creating jobs based on sectarian affiliations in the high state levels as "*in the economic sense, disaster for Iraq in the last few years",* burdening the state public budgets, and leading to substantial amounts of oil resources being transferred to a few people, and misallocation in government contracts. The fomer Iraqi Oil Minister, Dr Adil Abdul-Mahdi, in a press conference in Baghdad published in al-Arabia al-Jadid on 23 August 2015, said that in the 12 years since 2003, the Iraqi public budget reached $850 billion (only oil revenues), but from this amount, "we lost $450 billion due to bad management and without knowing where it went". Mr. Mahdi pointed out that the "Marshall Project for the reconstruction of EU countries after World War II (1939-1945), was only US$15 billion between 1947-1951, which is currently equivalent to US$148 billion, while US$148 is considered almost one year's Iraqi budget" (Mukhtar, 2015).

Third, it could be argued that the problem of rent-seeking is that it undermines the accountability of governments because they are not dependent on taxes for their public revenue. As an independent Iraqi commentator from Arabic speaker background said "*This is why we say the rentier state, it has a soft budget and has money without any effort because*

the money is decided by international oil prices. In Norway as oil rich country, there is no representation without taxation or there is no taxation without representation that means: if I pay tax, I have the impact on the political leaders, and I will hold politicians account in allocation income taxes". Countries where citizens pay taxes have a commitment to the people because taxpayers hold their governments to account for the way they spend taxpayers' money. But in oil-rich-countries such as Iraq this tax system does not work because power allows private appropriation of public resources. Perhaps another reason is lower awareness in Iraqi society of the importance of civil rights. As an MP in the Kurdistan parliament said, "we *need first society to be aware, who comes first? Is good governance or good society?*". In the perspective of S. J. the rulers can do whatever they want with public money because people are not sufficiently aware of the violation of their rights that this entails. What we need really is society to understand this real problem.

5.3.2 Market actors

"*I often face blame from my supporters, but they don't know I am facing very organised corruption,*" (said an MP from the Kurdistan Parliament).

Unlike state actors, who are almost exclusively engaged in corrupt rent-seeking behaviour within the state and at various bureaucratic levels, market actors are engaged in corrupt rent-seeking behaviour within the market system, generally through control over the market by imperfect competition. The evidence for corrupt rent-seeking in the market is not as extensive as the evidence for corrupt rent-seeking in the state, not because such activities are less widespread, but because they are more hidden and less apparent and thus harder to identify. There are two categories of corrupt rent-seeking by market actors: (1) privileged treatment given to companies owned by politicians; and (2) privileged treatment given to companies not owned by politicians.

5.3.2.1 Privileged treatment given to companies owned by political parties

Beside their control of state positions, political parties also have control over business companies. Indeed, each political party (in power) has established its own companies, and this control by the government becomes the main means of companies' domination over market activities. An independent Kurdish commentator said that: "*there is private sector linked with political arenas*". Quite often the leaders establish companies under the direct

administration of the party. Decision makers create the facilities for enterprises who are affiliated with their party, or to their business networks, and entrepreneurs and investors who have a connection with one political group are unlikely to obtain favours from other political groups. As a member of the NGOs focus group, said that "…*we have not seen that the companies from the X party side win contracts in another geographical area because this area is controlled by Y party*". Thus, the market has been artificially divided up in favour of political groups.

A typical example of a politically-owned company is the NOKAN Group Company, which belongs to the Patriotic Union of Kurdistan (PUK) party in power. According to a private sector employee in Kurdistan region, who leads a personnel consultancy company, "*NOKAN Group today is supervised directly by the administration of the PUK party*". It is believed that the company controls a vast range of economic activities under the leverage of the PUK party. An MP from Kurdistan parliament argues that "*NOKAN manages all strategic projects in Sulaimanayha including oil, transportation, industries, agriculture, and communication*". A high-ranking member of the PUK party did not deny that the party currently manipulates NOKAN's economic activities[40]. NOKAN's control over the market can be confirmed by the number of projects that have been assigned to the NOKAN Group, and by the extent to which firms within the NOKAN group are treated preferentially. As a private sector employee, said, "*the first batches of contracts are given to NOKAN without any competition*". This helped the party to become wealthy, and gain ownership of TV and radio stations and newspapers. As a former MP from Integrity Committee in the Kurdistan Parliament for four years, said, *"the parties in power has got 10 TV stations, 30 radio stations, 40 newspapers and magazines very directly and explicitly owned by both parties in power* [PUK and PDK] *in the region"*.

Often the links between politicians and businesses are complicated by networks of business group formations in which one set of firms owned by politicians controls the activities of another set of firms. One private sector employee noted that "*some firms owned by the big companies belong to the most prominent family figures of the top politicians*". Proving ownership by political groups can, however, be very challenging, and may depend on noting the outcome of competition processes for awarding contracts, in which companies "*without political affiliation will more likely lose their award"* (said a high former official in Kurdistan government and also confirmed by another Kurdish independent commentator).

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[40] I conducted an interview with this high ranking member of the PUK party, in December 2014, but I would like here to not mention his name. He was very frank about his political party's involvement in the market.

Turning to the question of at what point does market behaviour shift from being competitive to being an artificial monopoly? The answer to this question has to do with the point at which political parties become involved in the market as an invisible/visible hand influencing the behaviour of market actors. This form of artificial monopolisation differs from legitimate lobbying competition and participation in the bidding process. In the competitive economy, the market is open to all potential participants with very clear transparent rules (Jain, 1998: 16). In the competitive market, interest groups engage in the market and use campaign funds in order to meet their policy targets (Mbaku, 2000: 195). However, in Iraq, political parties are capable of exerting considerable market power. The result for a company is that, instead of having to deal with the hierarchical, bureaucratic system, the party's members in the companies can simply approach the party's prominent figures in the government. So the existence of a strong political party with majority control has converted a free market situation into an artificial monopolistic situation. The artificial monopoly lies in the parties' exclusive influence in assigning government contracts to the companies owned by the parties in power. The mechanism in operation in the market monopoly is clear enough in terms of greater access to the market.

A private sector employee who leads a personnel consultancy company believes that the problem is not only artificially monopolistic practices but the extensive networks that they spawn: "*NOKAN Group gives its awarded contracts to other companies that have a close link to them or particular link with high political leaders, and also these companies give contracts to other companies have to connect with middle political leaders. Then, all these exchange hands, till the profit reached at zero; these contract is moving to A, B and C... to Z companies*". Without such links with one or two political leaders, businessmen are highly likely to lose business in the market. One reason for the existence of such a system is that parties need financial support for funding their electoral campaigns, which they can only obtain through controlling the market. Another reason is that political parties can exert influence over the market by blurring the boundaries between parties in power and companies.

The consequence of such ownership is therefore clear – unfair competition and monopolisation. The ultimate aim of the artificial monopoly strategy here is not economic efficiency but benefitting from and reinforcing political power, since whoever controls the government can control the economic 'rents', and who controls the rents in the government

can also control the market. By *"controlling both economic and political channels, parties can easily control power"*, (said a current MP from Kurdistan parliament).

5.3.2.2 Privileged treatment given to companies not owned by political parties

Political parties not only privilege companies which they own, but also companies which they do not own. By privileging some enterprises over others, politicians enable some entrepreneurs to become stronger in the domestic market in Iraq (Sawaan, 2012: 110). This type of engagement by members of the political groups is hidden through indirect economic transactions, but there are examples that show that politically-connected firms/entrepreneurs/investors obtain rents from the government in the form of preferential treatment. The winning company is determined not only by the amount of money that it pays in the form of bribery but also by other political considerations. For example, influence on decisions made about capital control by one or two big companies has provided a means through which firms were favoured in acquiring control over oil refineries. As a former high official in the Kurdistan region, said, "*political parties in power divided up control of oil refineries between themselves, leaving no opportunity for independent companies to enter the business… the two big refineries in the region, in a hidden way, one belong to PUK party through the Qaiwan Group Company and the other to the PDK through the KAR Group Company"*. This suggests that the companies are indirectly partners with political leaders.

This political influence is evident in the way that two big refineries in the Kurdistan region, for instance, are run by two big oil companies - Qiwan in Bazyan and KAR in Kalak. An MP from Kurdistan parliament said that "*there is a secret hand that does not allow the building up new refineries"*. This is a clear indirect link between firms and political interests: according to a journalist investigator in the journalist's FGD, the two parties in power in the region exercise control over the economic sector in return for preferential treatment in the form of "*direct transfer* [contracts] *from the government"*. During the last two years, the KAR have used their privileged position to extend their activities to provide services in consulting, drilling, pipeline and other oil activities (Journalists FGD).

It is true that some commentators have denied there is monopoly by companies. For example, a more benign explanation of the above two companies' behaviour comes from an MP currently in the Kurdistan parliament, who said that "*these two big companies went through the competition but they both often win the contracts, because they have got experience and*

staff and they not afraid of the risks". A senior high official in Kurdistan government distinguishes between legality and what he called popular talk, argued that: *"From the legal perspective,* [there is] *nothing wrong with KAR Group and Qaiwan Group companies. But when you come to the popular talks you hear something else in which people believe that two big companies belong to the PUK and PDK parties in power"*.

The question remains at what point does this indirect influence over the market exerted by political parties shift from being competitive advantage to being an artificial monopoly? The answer to this question has to do with the point at which political parties become involved in the market as an invisible hand, favouring one firm over another. Both a Kurdish independent commentator and a former high official believed that companies without political affiliation will more likely lose their awards. This kind of link is often engaged in behind closed doors – i.e. an invisible political link, unlike explicit links with political groups (e.g. NOKAN that is directly owned by a political party –PUK) - Such preferential treatment might replace all competition, or it could be competition in which some firms are privileged over others. In either case this could be considered as an artificial monopoly.

Critical voices include one former high official in Kurdistan government who argues that financially strong firms in Iraq owe their success not to acumen but to privilege: "…*this is not achieved through the ability of the investors but by obtaining some facilities by political figures*". Another MP in the Kurdistan parliament has pointed out that these two companies - KAR Group and Qaiwan Group - refine a barrel of oil for US$17 whereas there are other companies available to build refineries who can *"refine a barrel of oil for only US$11"*. Clearly, the artificial monopoly is obtained because of the political consideration provided by parties in power. Consumers are paying an additional US$5 per barrel, not because the quality of the oil refined by such firms is particularly good, but because they are not allowing other competitive firms to build refineries and provide refined oil with cheaper prices. In these circumstances, investors make politicians shared partners in their businesses to sustain the high level of monopoly, even though the quality of production is inefficient and the price of production is high. Some companies want their privileged or preferential treatment to be kept hidden to prevent integrity commissions from investigating their assets. In my view, this strategy is unlikely to succeed if the public, MPs and journalists already know about a company's preferential treatment.

This brings us to the final question of the consequences of preferential treatment of favoured companies – whether it diverts economic activities away from competitive and skill-based outcomes – i.e. towards sharing the existing cake rather than expanding its size - thereby lowering the amount of innovation, experiment, and learning by doing in the economy. A Kurdish MP in the Iraqi parliament said that the result is a "*consumer -led and not producer-led society*". Further, in monopolistic and politically-connected firms, no one thinks about building economic projects unless commissioned by government. Another consequence is that such monopolistic practices reduce the tax revenue of society because politically connected firms are unwilling to pay tax on their profits, said an anonymous interviewer. Finally, extra costs have to be paid by citizens if market forces are artificially restricted to favour specific firms. For example, one case revealed that for every barrel of refined oil produced by such companies, consumers have to pay an extra US$5.

Four points can be concluded from the above discussion:

First, if market actors obtain great shares of rents through monopoly, any rent captured by any of these actors will affect others because they will lose revenue. In other words, the practice of this artificial monopoly will undermine competition, and create conditions for corrupt rent-seeking. According to Lambsdorff (2002: 106), a restriction on the market is a form of corrupt rent-seeking when it constitutes favouritism and nepotism, two words synonymous with corruption. Similarly, Kruger (1974: 302) labelled it a way of "showing favouritism" to one group in the community over others. In the case of Iraq, as interviewees including a Kurdish independent commentator and a former high official in Kurdistan government noted, without political affiliation firms are more likely lose their award. This kind of link is often direct and explicit as in the case of the NOKAN group, or indirect behind closed doors or by an invisible hand as in the cases of refineries. Tamin (2015: 32) argued that favouritism is a mechanism of power abuse. Khwaja and Mian (2011) describe preferential treatment for some politically connected firms over others, either implicitly or explicitly, as a form of corruption. Referring to our definition, such preferential treatment might replace all competition, or it could be a competition in which some firms are privileged over the others. In either case, this could be considered as an artificial monopoly.

Second, such a system of economic favouritism has operated for decades in many Asian countries, and while it led to enormous economic corruption, it helped them to improve economic growth. Likewise, in the Kurdistan region, positive economic consequences can be

seen more clearly in limited economic areas. Though our focus is only on economic rent and refineries, this kind of monopoly can also be generalised to other sectors such as communications, housing, and investments[41]. According to Abdul-Zuhra Handawi spoks man in the minisrty of planning-Iraq, the rate of poverty in Kurdistan is very low in 2015 in comparison with the rest of Iraq (Hamid, 2015); the public delivery service (e.g. electricity) is much better than in the rest of Iraq, and Kurdistan has become an attractive area for Foreign Direct Investment (FDI) in many sectors. This suggests that rent-seeking has not been entirely harmful to Kurdistan, though the better security situation in the region compared with the rest of Iraq, is the main reason for its better showing, and it could be argued that economic growth would have been even faster with less monopolistic practices by political parties.

Third, however, set against these positive consequences is the serious negative consequence that such artificial monopoly has been very harmful in widening inequality in access to the market. This is because rent-seeking monopoly elites become wealthier than the masses, and in Iraq, this has had a damaging impact on the distribution and redistribution of income in the country, exacerbating inequality with the "*mega rich overnight*" (A senior advisor in Kurdistan parliament said that). Corruption of the economy *"makes rich richer and make poor poorer*" (One MP from Kurdistan parliament said that). Further, another MP in the Kurdistan parliament gives an example from Sulaimanyah:

> "*In 2003, Chamber of Commerce and Industry in Sulaimanyah* [province] *declared that we have only 11 millionaires in Sulaimanyah, but now we have 3000 millionaires. This happens during ten years* [after 2003, openness towards the world]".

This happens according to an MP in the Kurdsitan parliament due to the stifling of market competition for the benefit of specific politically-connected firms. Much of the economic system is in the hands of the political elites who are backed by networks of personal business ties (said a Kurdisan independent commentator and a private sector employee who leads a personnel consultancy company) which loot the public resources of oil money.

Fourth, the existence of such a system in which the politically connected firms are able to take more advantage from the market means that the economic system is inefficient. The free market is blocked, and this damages the process of building local capacity in the marketplace.

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[41] Interviewees talked about many sectors but our focus is only on oil.

This, in turn, reduces the activity of learning by doing, which is essential for economic innovation. Where non-politically related companies are precluded from benefitting from available resources, the market process is bound to be imperfect, and inevitably any incentive for working in this kind of the market would result in a "vicious circle"[42]. People perceive that the market no longer functions in accordance with socially approved goals (Krueger, 1974: 302), losing the positive impact on creativity and learning by doing that competition brings. In a competitive market, individuals use their time and skills to have a greater impact on expansion of resources rather on their distribution. In brief, interfering with the market by granting such privilege to enterprises that have a political affiliation reduces the market economy's wealth generating capacity. This is, in turn, reduces economic efficiency.

5.4 Conclusion

The main aim of this chapter has been to identify and discuss monopoly rent-seeking as a second form of corruption in Iraq. Three main conclusions can be drawn from this chapter: First, we have argued that corrupt rent-seeking behaviour necessarily and only entails gaining some special advantage from a privileged position. In other words, corrupt rent-seeking has only one condition – an artificial monopolistic situation. We may condemn corrupt rent-seeking behaviour more if it is illegal or serves some private good, but the chapter argues that rent-seeking is only corrupt if it arises from an artificial monopolistic situation, regardless of whether it is legal or illegal or serves the public good or some private or sectional good. In other words, the chapter argues that none of these criteria satisfactorily defines the corrupt element in corrupt rent-seeking since the only criterion for defining corruption in corrupt rent-seeking is a monopolistic advantage obtained by privileged access to resources by these sets of actors

Second, this chapter has examined whether the data obtained from my fieldwork provided evidence of corrupt rent-seeking among state actors and market actors. The findings of the chapter include the fact that state actors at both the ministerial and bureaucratic levels have been engaged in widespread practices of corrupt rent-seeking. The corrupt rent-seeking of state high-level actors is largely manifest in obtaining inflated salaries and expenses or other benefits, while bureaucratic corrupt rent-seeking is largely manifest in securing contracts for favoured companies. Market actor corrupt rent-seeking is largely manifest in companies

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[42] Word used by one interviewee who leads a personnel consultancy company.

obtaining preferential treatment (favouritism) through ownership of, or influence over, them by political parties.

Third, the chapter has investigated whether or not all or some of these corrupt rent-seeking behaviours are illegal (which in Iraq they were often not); whether or not they served only personal or sectional or party political ends or (also) the wider public interest (which in Iraq they could be argued to do); whether or not they widened economic inequality (which in Iraq they certainly do); and whether or not they reduced the extent of learning by doing and productive behaviour (which in Iraq it could be argued they do).

What of the future of rent-seeking? I recognise that the forms and nature of corrupt rent-seeking in Iraq are related to the political landscape and any radical way of ending the current corrupt rent-seeking requires political will and dismantling the *muhasassa* between political groups, and there is no hope for such change at present. This is because the groups are not willing to give up their interests in maintaining the status quo. Ending corrupt rent-seeking means political parties will no longer be able to access state resources and maintain their power. Any attempt to dismantle the *muhasassa* system needs concessions by each group in power to give up their economic interests. Achieving such political will would be difficult since all factions in power benefit from the status quo. My view is that any attempt to abolish corrupt rent-seeking through *muhasassa* could make the situation worse because the conflicting factions could end up in violence and bloodshed which would be more damaging than the current corrupt rent-seeking. There may be no alternative for dealing with the issue of fractionalization and monopolisation that does not involve higher costs (i.e. including bloodshed or violence) than the current monopoly rent-seeking by different groups.

Chapter 6   Corruption protection: fractionalization and the corruption of anti-corruption efforts in Iraq

"*…in Iraq even the Commission of Integrity needs more integrity*" (A high Iraqi commissioner said that).

"*In Iraq there is a strong political shield for protection perpetrators from being brought to justice,*" (An Iraqi independent commentator said that).

6.1   Introduction:

This chapter examines the third kind of corruption in Iraq hypothesised in Chapter 2. Unlike clientelism and rent-seeking, which are primary forms of corruption, corruption protection is a secondary form of corruption, in that it is carried out to prevent action being taken against primary corrupt practices. In other words, the question raised in this chapter is why does (primary) corruption (i.e. clientelism and rent-seeking) continue to plague Iraq, despite a large number of anti-corruption bodies? While there has been much written on primary forms of corruption, relatively little attention has been paid to the secondary form of corruption protection with its systematic attempt to evade accountability for primary corruption activity. There is no convincing argument why those who control the government's activities should be immune from any allegations of corruption, but the ways in which the work of anti-corruption bodies such as the Integrity Commissions has been undermined by corruption protection that confers such immunity. What the chapter shows is that corruption in Iraq is so pervasive that it even penetrates the attempts to repress it. Indeed, behind the outward manifestations of (primary) corruption, there lies a web of corrupt networks which exist to protect the perpetrators of corruption from being brought to justice. These corrupt networks are embedded within the very organisations that have been ostensibly established to root out corruption, such as the Integrity Commissions. So resources that have been set aside for reducing corruption are actually being manipulated to shield the corrupt from being identified and punished. To fully understand the nature of corruption in Iraq, therefore, we need to comprehend the nature of corruption protection.

This chapter argues that we know what corruption is in Iraq, and the commissioners know how to fight corruption, but the sectional division of power has generated a system which serves to prevent action being taken against corrupt elites. The system creates different

mechanisms that prevent commissioners from carrying out proper investigations into corrupt conduct.

The chapter is organised in the following manner. First, I explain how anti-corruption organisations have been established in Iraq, and how they have proceeded with their work during the last decade. Second, I explore what I mean by corruption protection in Iraq, and due to the lack of literature of the notion of corruption protection, I will define it as action carried out to prevent perpetrators from being brought to justice. Third, I use my fieldwork data to identify two contrasting paths taken by the groups in power in practising corruption protection. The first path is that the anti-corruption organisations and systems for accountability that have been hijacked by political factions to discredit other political factions; instead of serving as a neutral party for checking corruption, these organisations have been used as weapons in inter-factional rivalry. This process often results in spurious or fake charges being brought against rivals which sometimes lead to wrongful imprisonment of the innocent. The second path is that cooperation between factions has developed to tolerate corruption, and there is collusion not competition between inter-factional groups – corruptly conspiring to hide each other's corrupt acts- 'solidarity of corruption'. The chapter will conclude that despite the plethora of anti-corruption bodies, the multiple institutions established for anti-corruption constitute a means for corruption protection.

6.2   The context of corruption protection in Iraq

There is a growing literature on anti-corruption, and it shows that the failure of anti-corruption bodies in developing countries lies in the legal frameworks and institutions set out for this purpose. Yet, the literature rarely explicitly addresses the notion of corruption protection. The issue of politicisation of process of anti-corruption is discussed (Lawson, 2009; Di Puppo, 2010; Belloni and Strazzari, 2014), but the system of corruption protection has not been much focused on. On the politicisation of corruption, writers have focused on the vagueness of the process of anti-corruption efforts and how such half-baked efforts have been integrated into many local political agendas. There is some suggestion that lack of political will to implement those anti-corruption strategies is to blame for their failure. Another suggestion is that the institutions set out for anti-corruption are not strong enough to resist the political pressure due to the lack of professionalism in approaching corruption.

In this section, I will first outline the different types of anti-corruption bodies in Iraq; I will then move on to discuss how I define the notion of corruption protection.

6.2.1 Anti-corruption bodies in Iraq

It is possible to distinguish between two different types of official institutions for anti-corruption in Iraq. One depends on law enforcement agencies which are domestically oriented, such as the Federal Board of Supreme Audit (FBSA), and the other arises out of the modernisation of the system of anti-corruption after 2003, which is more oriented toward the US administration in Iraq, such as the Commission of Integrity; the Inspector General; and the Integrity Committee in the Iraq Parliament. There is also a non-governmental mode of anti-corruption activity which is carried out by civil society actors.

6.2.1.1 Federal Board of Supreme Audit (FBSA)

The Federal Board of Supreme Audit (FBSA) is an institution that has gone through three stages. It was established according to Law No. 17 in 1927, initially named the 'Office Auditing General Accounts', and later called the 'Board of Accounts Auditor General', the Board of Supreme Audit (BSA), and finally the Federal Board of Supreme Audit (FBSA). During its first stage, 1927-1967, the Board was not fully independent of influence from the executive authority to ensure it undertook its tasks properly. In the second stage, 1968-1980, Iraq witnessed socialist developments[43], so the public sector function had broadened after 1968 and the Board underwent a broadening of its authority and scope of work in order to match state functions. The government enacted Law No. 42 in 1968 to legitimise this broadening of the framework of the institution which included auditing new kinds of transactions that were being carried out by the state for large infrastructure projects during this period. The third stage started with Law No. 194 in 1980, marked by further jurisdictional powers given to the Board in order to clarify the role, functions and terms of the Board in relation to other new institutions such as the Public Integrity Commission and the Inspector General. The fourth stage, which began with Law No 31 enacted in 2011, expanded the Board's powers of investigation over financial violations. Articles 2 & 6[44] of that Law

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[43] The Ba'athist party was called an Arab socialist party.
[44] Article 2: For the purpose of the law, any of the following shall be deemed as a financial abuse: First - Violation of laws, regulations and provisions. Second -Dereliction or default, resulting in a loss or waste of public funds or damages to the National Economy. Third -Not to make available the necessary records, documents and information to be kept for audit and control, or non-submission to the Board or the bodies it

described the aims and scope of activities and power of the BSA (Law No. 31, 2011). Under this law, the BSA was empowered to audit the public funds in both public and private agencies that are eligible to receive such funds. If the spending of such funds is by entities that are subject to confidentiality or secrecy information, this will be reviewed by the Council of Ministers. In this fourth stage, the Board's name was changed to its current name - the Federal Board of Supreme Audit (FBSA). Also, Law No 31 regulated co-ordination between FBSA, the Office of the Inspector General, and the Integrity Commission. An additional amendment took place in 2012 with Law No. 104, by which new duties were added to the FBSA to hold investigations into specific cases, when such requests are made by the Iraqi parliament.

The FBSA is an independent body that is directly subject to the Iraqi parliament. The head of the FBSA is of equal status to that of a governmental minister in that the power granted to him is equivalent to the power of the Minister of Finance on all affairs related to the FBSA mandates. He is appointed by the Iraqi parliament for a five-year non-renewable term, and subject to removal by parliamentary decision. The head of the FBSA is selected from a three-person pool by both the Legal and Integrity Committees in the Iraqi parliament.

6.2.1.2 The Commission of Integrity (COI)

The Commission of Integrity (COI) is a body independent from the government, and its main task is combatting corruption. This institution was established by the Coalition Provisional Authority (CPA) by order 55 of 2004. In 2005, the Iraqi parliament considered the COI as an

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authorizes. Fourth -Abstaining from or delay in answering the Board's reports, correspondence, objections and observations within the specified period.
Article 6 :The Board shall undertake the following duties: First -Auditing and control over accounts and activities of the entities under the Board jurisdiction and verifying sound disbursement of public funds and efficient implementation of laws, regulations and provisions, including: a. Examining and auditing the transactions of public spending so as to ensure that they are valid and not exceeding their budgetary appropriations, and using public funds for the purposes intended to without waste, abuse or misconduct, as well as evaluating its returns. b. Examining and reviewing estimation and realisation transactions pertaining to the collection of public resources to ascertain that the procedures in place are appropriate and are soundly implemented. c. Expressing opinion on financial statements and reports related to the results of auditees' actions and financial positions, and verifying whether they are organised according to the legal requirements and the accepted accounting standards and representing the real financial position, result of activity and cash flows. Second- Control of performance evaluation of entities subject to the Board's control. Third -Providing technical support in the fields of audit, accounting and administration and the related organisational and technical matters. Fourth- Evaluating overall financial and economic plans and policies which are established to fulfil and comply with the states' objectives. Fifth -Conducting administrative audit on issues requested for review by the Council of Representatives.

independent institution, subject only to parliament. It is equivalent in status, therefore, to institutions such as the High Commission for Human Rights (HCHR) and the High Independent Electoral Commission (HIEC), both of which are also independent authorities and subject only to the Iraqi parliament. The COI has its functions divided into two sets of tasks. The first set of tasks is to carry out investigations into corruption by means of interrogators acting under the supervision of judges; to suggest modifying existing laws and to propose new legislation for combatting corruption, promoting transparency, accountability and fair dealing within the government; and to make requests to senior Iraqi officials to disclose their financial status. The second set of tasks of the COI relates to the improving of ethical and integrity values in the educational system in cooperation with both the Ministry of Education and the Ministry of High Education.

In 2011, the Iraqi parliament passed a new regulation related to the governing of the COI, entitled COI Regulation No. 30. This new regulation includes significant changes in the power and scope of the authority of COI. The law declared that the COI is a fully independent body subject directly and only to the parliament. Previously, the head of COI was appointed and removed by the Prime Minister, but now he is considered to hold an independent ministerial position and is appointed by the Iraqi parliament and can only be removed by the parliament. The head will remain in his/her position for a five years' non-renewable term. The head of COI is nominated from a three-person pool nominated by both the Legal and Integrity Committees in the Iraqi parliament and is selected by the full parliament. The 2011 law granted the COI super-jurisdiction in terms of subpoena power over all the governmental organisations and agencies with respect to access to the necessary documents, information, and evidence that is relevant to corrupt conduct. Also, the COI was granted exclusive power over the investigation of corrupt conduct unearthed by FBSA and the Inspector Generals. This authority was granted to end any disputes over power between these three institutions that had plagued many investigation processes. Finally, the COI has its own mandate to maintain and examine financial disclosure by the following senior officials to check whether unjust enrichment has occurred while such persons were in office: the President and his Deputies of the Republic of Iraq, MPs, the Prime Minister and his cabinet, head and members of the Supreme Judicial council and all judges, the regional Prime Ministers and Governors, and member of the Provincial Councils, the heads of independent bodies such as the Central Bank, ambassadors and consultant officials serving in the Iraqi embassies, commanders of the armed forces and security agencies, the Director General of

the COI investigators, senior military officers such as colonels, and any other persons that the COI determines should be required to disclose their financial status.

6.2.1.3 Inspector Generals (IGs)

The offices of Inspector General were established by the CPA under Law No. 57 in 2004 CPA, (Law No. 57, 2004). Section 1 of the Law described the purposes of the IG as "conducting effective auditing, investigating and increasing accountability and integrity, and identifying and deterring any waste, fraud, abuse of power, and illegal conduct. It establishes an independent office in each ministry to conduct inspections, investigations, audits, and evaluations". Section 5 of Law No. 57 described the scope and task of the IGs in the ministries as follows: auditing all records and activities of the ministry for purposes of ensuring the integrity, transparency and efficiency of ministry operations, and providing information for decision making and recommending improvements to ministry programmes, policies and procedures as appropriate. It also audits the economy, efficiency, and effectiveness of the ministry's operations and functions and can review any ministry for performance; receive, assess and process complaints of fraud, waste, abuse of authority and mismanagement affecting ministry interest; forward complaints to appropriate investigative authorities; provide quality control to include timeliness, independence, and thoroughness of responses; and conduct follow- up to ensure adequacy of corrective actions in response to Inspector General findings and recommendations.

In 2005, the Iraqi parliament amended the regulation related to the power, selection and position of the IGs. This new amendment includes a significant change in relation to the selection of the IGs by the Prime Minister based on the recommendation of the Commission of Integrity. And the Prime Minister can only remove an IG based on the recommendation of the Commission of Integrity. The IG will receive the salary and personal expenses equivalent to a vice minister's position.

6.2.1.4 Integrity Committee in the Iraqi parliament:

Besides the three above offices for anti-corruption, there is also an Integrity Committee in the Iraqi parliament which can be considered an anti-corruption body. This committee was established after 2003 by the Iraqi parliament, made up of MPs from different Iraq

components, and it has investigated many sensitive cases of corruption in Iraq during the last decade.

All of these institutions (except the IGs) are paralleled by similar institutions in the Kurdistan region, and their powers and scope of work are pretty much the same. However, the ages and experiences of the staff of the Kurdistan anti-corruption institutions are significantly less than their counterparts in Iraq.

6.2.1.5 Non-governmental anti-corruption efforts by civil society

Non-governmental efforts complement the official channels for anti-corruption. Civil society in Iraq sees public participation as an important means of combating corruption, especially by exerting pressure on the government to be more accountable. For organising the work of the civil society in Iraq, there is an office called the 'Office of Non-Governmental Director' in which there are details on how civil society organisations should be officially registered. There are 2,550 civil society institutions formally registered in nearly all the Iraqi provinces except the Kurdistan region. Also, there are networking organisations regulating their activities in the form of 52 networks in different Iraqi provinces (Law no. 12, 2010). Likewise, in the Kurdish region, there is also an office called 'Office of Non-Governmental Director' in which there are details on how civil society organisations should be officially registered, and there are 2,344 civil society institutions formally registered in the three Kurdish provinces, some of which did not originate from the region but from abroad. In both the Kurdistan region and Iraq, the 'Office of Non-governmental Director' includes a database containing the definition of the organisations and nature of their works and their addresses (KRG, Office of Non-Governmental Director) (Law no.1, 2011). Although in both the Kurdistan region and Iraq, these organisations have their own interests, some were mainly established for improving transparency around the country.

6.2.2 Understanding the meaning of corruption protection

Regrettably, despite the apparent strength of the anti-corruption bodies and the supposedly high standard of the legal, institutional framework in Iraq, the reality tells us a very different story. A former Iraqi high official, when I asked about such institutions said that *"There isn't any accountability; there are Public Integrity Commission, General Inspector, Auditing Institution and Integrity Commission in parliament. But where is accountability?*

Unfortunately, these institutions are dominated by the powerful group; my evidence in the last session of federal parliament could not hold account of one politician in the last four years". Also, another Kurdish independent commentator asked that: *"Okay we have such institutions, but what are their roles? Who runs these institutions?* Questions like 'where is the accountability?' were not even asked some years ago because Iraq was ruled by a dictator and the scale of corruption was "*limited in the hand of few people*" (A former MP from the Iraqi parliament said that). This indicates that today, even more than in the past, Iraq has faced many challenges to translating the legal and institutional framework of anti-corruption into practice; the most challenging problem is corruption protection. Now we need to understand corruption protection.

Attempting to fill this gap, and due to the lack of literature on the notion of corruption protection, I will define corruption protection as a form of corruption as follows: 'action carried out to prevent perpetrators of corruption from being brought to justice'. This form of corruption arises in Iraq late post-2003 when government cabinets have been distributed based on sectarian affiliations - *muhasassa*. In this situation, a central feature of Iraq's institutional environment has been factionalised between groups (i.e. based on sectarian affiliations), and these groups both protect their members from corruption charges launched by other groups, and collude to protect each other from prosecution for corruption. The sectional division of power in Iraq based on *muhasassa* has generated a system which serves to prevent action being taken against corrupt elites. This indicates that the form of corruption here is not an economic one (as in rent-seeking), nor a political one (as in clientelism), but a legal and institutional one, in that it serves to protect suspected officials who are affiliated to different rival groups in power, from prosecution for acts of corruption carried out by them.

There are thus two separate strands referring to two parallel ways of carrying out corruption protection. Each of these strands is seen to have distinct logics, features, and implications, varying in character and impact, yet they also have a common ground which is preventing action against suspected persons or perpetrators from being brought to accountability/justice.

The first strand is related to (possibly) false accusations of corruption made by some groups against other groups. Tension between factions results in spurious or fake charges being brought against rivals which sometimes lead to wrongful imprisonment of the innocent. One can argue that *muhasassa* creates powerful groups within the institutional setting to enhance their domination over the bureaucracy. The power distributed to groups based on *muhasassa*

means that each group has its own stake in institutions. Further, as parties win more seats they have access to more important political positions. Some political leaders select officials from their sects, family, and political parties to fill these positions, and this creates an incentive for officials to act in the interest of their parties. In return, parties try to protect their officials from any accountability. In the face of this protection, there is insufficient will to bring suspected corrupt members to justice. Leaders have used various mechanisms in order to protect their officials from interrogation over cases of corruption. These mechanisms include: accusations against commissioners; threatening tit-for-tat retaliation; or threatening to reveal unpleasant information related to social reputations for those who try to speak up against corruption; and false accusations against innocent whistle-blowers and potential witnesses of themselves being corrupt, thereby discrediting their testimony. The main purpose of using such techniques is to stop commissioners from doing further investigations and to silence those who want to speak up against corruption. As a result, hundreds of dossiers of corruption were closed and remain still un-opened, and dozens of anti-corruption agents were sacked and escaped from Iraq.

The second strand takes the form of 'solidarity of corruption'-collusion between inter-factional groups, corruptly conspiring to hide each other's corrupt acts- thereby forming a collusion of corruption extending to protect the entire elite in Iraq. In some cases, *muhasassa* has made groups in power engage in negotiation/bargaining with each other, based on exchange deals of accountability. These deals including, turning a blind eye, hushing up, and mutual tolerance of each other's corruption - "*you protect me I will keep you safe; you turn blind eyes to me, I will do the same for you*"[45]. Here, actors involved in such solidarity of corruption protection depend on others' expectations of behaviour - e.g. to what extent others turn blind eyes, and hush up or stop an investigation into the corrupt acts of my group, in return for which I stop investigating the corrupt acts of their groups. Here *al- muhasassa* entails exercising influence over the anti-corruption bodies. Even the anti-corruption bodies' personnel are distributed based on *muhasassa* between groups in power. So resources that have been set aside for reducing corruption are actually being manipulated to shield the perpetrators from being identified and punished. In the face of this protection, there is insufficient will to hold suspected persons accountable for their corrupt conducts.

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[45] These phrases were used by many of my interviewees, such as interviewees a fromer Iraqi offcial, a former high Iraqi commissioner, and a former Iraqi MP.

In the next two sections, I will provide the evidence that I obtained in my fieldwork for these two contrasting paths of corruption protection (a) false accusations and entrapment scenarios; and (b) the solidarity and immunity system.

6.3   False accusations and entrapment scenarios

As explained in the previous section, in Iraq after 2003, there were attempts to establish anti-corruption bodies to deal with the issue of corrupt practices, including the Commission of Integrity as an independent body and General Inspector offices in each ministry, as well as the Integrity Committee in the Iraqi parliament. However, these anti-corruption bodies in Iraq have been hijacked by political figures to serve their purposes in the game of political power play. One major mechanism of this power play is to use anti-corruption bodies to issue accusations of corruption against opponents. Such accusations have increased significantly during the last decade among political factions in Iraq, leading to a number of indictments of officials from different political and religious factions. This process often results in spurious or fake charges being brought against rivals which sometimes lead to wrongful imprisonment of the innocent. I will discuss the two main methods of such manipulations – false accusations and entrapment scenarios.

6.3.1 False accusations

False accusations take various forms:

6.3.1.1 Directing accusations at commissioners

When corrupt acts are deemed illegal, to be accused of corruption automatically makes the accused person liable to 'criminal charges' (Bågenholm and Charron, 2014: 906). False accusations of illegal corruption have frequently been used as a vehicle for targeting people who are responsible for dealing with the files of corruption. For instance, a former MP, who is from a Shia background and was an MP in Baghdad for four years said,

> "*I am personally involved in questioning and holding to account corrupt people, and I diagnosed the problem areas and failure of the administration of the state. However, the file has been politicised, and some cases/accusations have been made for me* [he was personally accused and banned from election in 2014]... *This happened because we stood against corruption.* ….".

Another MP who has a Sunni background affiliation and was an MP for four years in Baghdad, said: "*they accuse you if you are following up a particular file of a corrupt deal… one reason for that many of ministers and vice-ministers were appointed personally by the previous prime minister* [Maliki]*; and many of them act as ministers and vice ministers, they did not go through the parliament's approval, this is because the prime minister tried to protect them from any prosecutions*". Another MP who has a Kurdish ethnic background and was an MP on the in Baghdad for four years, said that "*if Maliki* [the former prime minister] *and his group knew that somebody became a rock for his interest, in this situation, tried to accuse her/him in some very clever ways including make case for commissioners, many of them banned from election*". He added that "*This happened to people in Iraq, and this a fact we cannot deny.*" Another MP who is from a Shia background and was an MP for four years in Baghdad sum up situation by saying that "*although the law and constitution said that the 'The accused person is innocent until proven guilty'. But from their* [elites] *perspective 'the accused person is guilty if he/she stand against corruption*".

According to a current Kurdish MP in Baghdad, said that "*this process of accusations based on the ethnic and religious or political affiliation and strongly related to the muhasassa between groups in power. For instance, X from Sunni background never/ever being accepted by Shia backgrounds, this is person from Shia backgrounds not acceptable at all by Sunni background and Kurdish ethnic group not being accepted by both*".

Two points can be made here. First, because the false accusations are made or threatened against members of anti-corruption bodies, the clear implication is that they are designed to intimidate members of anti-corruption bodies into taking the pressure off investigations into primary forms of corruption. False accusations are therefore weapons of factional warfare as well as means used by powerful group to protect their affiliated civil servants from prosecution for corruption. This has undermined the integrity credentials of anti-corruption bodies by implying that they serve a political agenda rather than the politically neutral public interest.

Second, the powerful group[46] has accused opponents of not just being corrupt, but also of threatening to end interrogations of corruption. The accusation against commissioners of themselves being criminals has now taken its place in the Iraqi politics of corruption. The

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[46] Many interviewees used this term 'powerful group' to refer to Nuri l-Maliki (the former prime minister)'s group.

main aim behind these accusations is to stop further investigations, and it has caused hundreds of dossiers of corruption to be closed down, and many commissioners were forced to flee Baghdad and were banned from normal political life i.e. prevented from standing as candidates in the general election. These actions have enabled the powerful group to protect its affiliated civil servants from any prosecutions.

6.3.1.2 Directing accusations at other senior civil servants

Occasionally, accusations of corruption have been directed at senior civil servants because of their refusal to agree to demands made by powerful groups at the high state level. For example, a former MP who is from a Shia background and was an MP for four years in Baghdad and a current Kurdish MP in Baghdad believed that a highly respected civil servant in Iraq, Sinan al-Shabibi, the former governor of the Central Bank of Iraq [who is not from Maliki's party], suffered an imprisonment sentence during the time of Maliki the former Iraqi prime minister, and later when Maliki stepped down it came to light he was innocent. However, the government described the arrest of the governor of the Central Bank in Iraq as an anti-corruption action in relation to corruption (Al-Sumaria News, 2014). Critics of the government viewed this action as confirmation that the former prime minister did not respect the rule of law, but targeted civil servants who rejected his demands. Few people viewed the arrests of senior civil servants such as Sinan al-Shabibi in the era of Maliki as an anti-corruption initiative. The clash between Maliki and al-Shabibi originated when Maliki appointed four of his closest allies within his party in the central bank including the heads of the departments of laundering money, legal affairs, monitoring of the banking system, and economic affairs. All of these appointees were people affiliated to Maliki's party. But when Mr al-Shabibi tried to remove them due to their incompetence in doing their jobs, suddenly, he received an official letter from Maliki, the former Prime Minister informing him that he should not sack these people from their jobs (Middle East online, 2012). Maliki decided to remove al-Shabibi and instead appoint Abdul Basit Turki, in addition to his work as head of Federal Board Supreme Auditing, as acting governor of the Iraqi Central Bank (Dodge, 2012: 163). After a while, Maliki appointed Ali Alaq, the former Secretary-General of the Council of Ministers, as governor of the Iraqi Central Bank. Not only was al-Shabibi removed from office, but he was accused of embezzlement, and sentenced by the court to seven years in prison (Said a current Kurdish MP in Baghdad and also confirmed by a former Shia MP in Baghdad). However, after Maliki stepped down from his job, the Rusafa Criminal Court in

Baghdad decided to acquit Shabibi of the false accusation and acknowledge that his seven years of unjust imprisonment were imposed purely because of a political charge towards him.

This example demonstrates that corruption protection enabled powerful group to protect their allies from removal from their posts. When the powerful group took action against a senior civil servant, its motive was to cover up its corruption, and senior civil servants are unable to stand up against such corruption protection.

6.3.1.3 Reciprocal exchange over accusation

In other cases, true accusations of corruption may also precipitate acts of corruption protection. For example, money may be used by senior civil servants as a means of escape from interrogation. A current Kurdish MP in Baghdad mentioned a case in one ministry where US$1 billion disappeared. After a team of investigators [he did not say whether this team comprised MPs or Commission of Integrity members] carried out an investigation, they asked the minister: "*Do you want us to open a file of corruption for you or otherwise to reach an agreement? The minister gave US$5 million to investigators as bribery (bakhshish) in order not to open the file on him*". Another very sensitive case was where seventeen investigators were engaged in examining corrupt conduct in which each took US$400,000 as bribery to end investigations into alleged corruption. This case related to a contract [for the sake of confidentiality he did not identify it], and he added: "*we are currently working on this case*".

Money is used not only to escape from interrogation by a team of investigators, but also to buy off commissioners, including MPs. For instance, Mashan al-Jburi, current MP on the Integrity Committee from a Sunni background, said "I was offered US$5 million to stop investigating [one senior official]. I took it and continued prosecuting him anyway" (Chulov, 2016). This shows how distorted the process of investigation into corruption in Iraq when an anti-corruption body in a post-conflict setting exploits its privileged position and itself become corrupt (Bolongaita, 2005: 11). These cases reveal that the powerful group did not always direct accusations either towards commissioners or civil servants, and sometimes civil servants tried to protect themselves by colluding with the anti-corruption agencies to convince them to end further investigations into his/her corrupt conduct.

It has been asserted that some corrupt senior civil servants accumulate lots of money during their years in government (for example, A. N., mentioned one minister who stole around US$900 million of public money), and then try to share some of that money with interrogators. Such corrupt acts can change the entire process of investigations. The prevailing practice of accusation (false and true) has reached the point at which an interviewee, who is from a Shia background and was a former official in the Iraqi government, reported that "*I have to be involved in corruption or be accused of corruption*".

We can draw out four points from the above analysis. First, corruption protection strategies have been characterised by competitiveness among corrupt actors. The local powerful group has attempted to legitimise their own influence by making accusations against other groups which are intended to delegitimise the other groups' efforts to uncover primary corruption. In so doing, the powerful group try not only to protect its affiliated civil servants by using false accusations towards commissioners, but also try to accuse other civil servants who do not obey their demands. The labelling of such efforts as corruption protection is a political act because it undermines efforts to hold corrupt acts to account. Anti-corruption activity has become a political football, kicked backwards and forwards in all directions to serve factional agendas. The struggle between these corrupt actors and anti-corruption actors is exploited by the political factions for their own ends. Thus, anti-corruption bodies have become a new arena in which corrupt moves are played out.

Second, the practice of accusation of corruption has affected many commissioners and senior civil servants from different religious and ethnic groups. For example, allegations of, and investigation into, corrupt practices have been directed at individuals such as al-Shabibi, al-Saadi and al-Ugaili, all of them from Shia backgrounds. The groups in power have generated a system which serves to prevent action being taken against its corrupt conducts. Powerful groups can define who is corrupt and who is not corrupt, who is guilty and who is not guilty of corruption; who should be targeted by anti-corruption and who should not; who should be protected and who should be brought to justice. Thus, the institutional architecture for anti-corruption "*has become mechanism for protecting their affiliated civil servants and also become tools manipulating by powerful groups for accusation and exclusion of political rivals*" (An independent commentator said that).

Third, the establishment of accountability bodies and their manipulation by corrupt factional elites has rendered the task of differentiating between corruption and non-corruption even

more difficult than before. Being seen as non-corrupt has become hugely important in Iraq in the political system. This entails framing oneself as not corrupt and others (opponents) as corrupt. There has been a systematic and strategic use of anti-corruption institutions by politically motivated and powerful groups. The result is more obscure boundaries between what genuine anti-corruption activity is, and what is false anti-corruption activity in Iraq, as each person maintains that the other is contaminated while the self is clean or angelic[47].

Fourth, it could be argued that corruption protection rackets may be too powerful for integrity commissioners to bear. These personal costs are only too clear, since losing jobs, and even lives have been experienced by commissioners. For instance, al-Ugaili was forced to resign from his post as head of the Commission of Integrity and to flee from Baghdad in 2011; Sabah al-Saadi was banned from standing in elections in 2014; al-Shbibi is still outside Iraq, and Adil Nuri was threatened in late 2015 when attempts were made to kill him, and his car came under fire as a result of which his son was injured.

6.3.2 Entrapment scenarios:

Corruption protection in Iraq has taken on an even darker dimension in entrapment scenarios. A member of the NGOs focus group said "*You are either with us* [elites]*, or against us. If you are against us, we will hit you, and we will make scenarios for you*". Making entrapment scenarios for people in political and social positions can cause severe damage to the reputation of the people targeted. An interviewee who has a Kurdish ethnic background and is an MP in Baghdad in time of writing, mentioned that entrapment scenarios have frequently been used against opponents in strategic ways during the last ten years. These scenarios involve, according to him, "*capturing high civil servants and corrupt elites tried to exploit their weakness and get them to do whatever they want*". The corruption protection in this entrapment lies in silencing the civil servants who raise their voices against corruption. Another interviewee who is from a Shia background and was an MP for four years in Baghdad added that "*some of them* [civil servants] *became victims because they did not know about the scenarios and they could not escape from such scenarios*". Creating scenarios for civil servants has become a means used by powerful groups for capturing persons who raise their voices against the groups and try to uncover their corruption. By doing this, powerful

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[47] This word is often used in Islamic discourse to mean someone who is innocent.

group could make a haven for their members without significant risks. Such entrapment scenarios save the groups from revelations of their corrupt conduct.

Using women as bait is one of the ways used to capture male civil servants who refuse to accept corrupt deals made by powerful groups. A high official rank in the Iraqi government who has a Kurdish ethnic background, said that:

> *"If they want to do something towards me they can do it in a very tactical way and very simple. For example, they* [powerful group] *can send a woman to my office. They can do it by Photoshop change my picture. As they did to Safiah al-Suhail* [she is a high official in the foreign ministry] *in that they changed her image as she involved in sex but in reality she was not. It is very easy for them* [powerful group] *to make a scenario for anyone they want."*

Some of the MPs have experienced this, including an MP who has a Kurdish ethnic background and is a member in the integrity committee in the Iraqi parliament, said, "*Personally, this happened to me, where corrupt elites suggested to me US$2 million as a gift if I accept on a deal related to the project in one southern province in Iraq… many times attempted to persuade me to sign off on the deal, but I rejected because I knew about the issue*". He added that after two months, he expected them to set up to entrap him:

> "*They sent three women to my office to capture me, and I could not escape from it. These three women were very beautiful and very young and each of them wore Hijab* [Islamic dress]. *As I looked at them, I did not know where are they from? I frankly said that I do not know who you are? Please, you could leave my office as soon as possible*".

In another case, such entrapment scenarios were used against people who were refused deals, and even though some civil servants were from the same party in power. An MP from the Iraqi parliament, who has a Kurdish ethnic background, described what happened to the one minister in Iraq who did not accept a particular deal by the powerful group. A minister from the Prime Minister's party said that "a *group planned and brought women to make party and dancing. And a minister was invited to the party, and they set up a camera in the room and after a few days, they showed him recorded video and they could capture him*". In another case, one minister refused to obey the corrupt process and did not submit to them, and the group tried to entrap his family and associates. The minister's family lives outside Iraq and his son studies in an EU country, and they brought a woman to him, and they recorded him in

a compromising pose with her. This was planned by people in power. By doing that, this minister was entrapped and obeyed their requests (Said a current Kurdish MP in the Iraqi parliament).

By being compromised in this way, entrapped civil servants become powerless against the powerful group. The threat of disclosure of something damaging to the social reputation of civil servants, has been an effective technique through which many senior civil servants have been silenced, and powerful group has saved themselves from any revelation and prosecutions of their corrupt conducts.

Another MP in the Iraqi parliament, who has a Kurdish ethnic background, sums up the situation by saying that:

> "*I think people have to be very careful when they work with the government, the parliament or the judicial system. These are all traps and networks you have to be careful. Some people cannot resist...I have travelled to many countries but in every movement, I focused on my behaviour in order not be involved in something which would impact on my work as an MP in the Integrity Committee. Sometimes they set up traps in which we do not recognise it. Because it set up very simple, using very simple techniques and it is hard to understand*".

Two points emerge from this discussion on entrapment scenarios. First, entrapment is a very powerful tool for corrupt groups to use, because it plays on the social harm caused by reputational damage in Islamic society and the consequent stigmatisation and sense of exclusion it generates in Iraq. In a religious society such as Iraq, people are acutely concerned about their reputation, and nowadays social networks such as Facebook can broadcast images and videos in a very short time. Being threatened with broadcasts of images that can capture people in high-level positions in compromising situations, is very effective, and "*corrupt elites exploit their weakness of high civil servants and they do whatever they want*" (A Kurdish MP in the Iraqi parliament said that). Moreover, because people in Iraq still have strong connections with religion, family and extended family such as the tribe, damaging their reputations should be regarded as a collective blow to the wider family. So giving in to corrupt demands because of fear of the publication of embarrassing images is hard to resist because of pressure from outside sources beyond the victim's control.

Second, the broadcasting of arrests and entrapment scenarios by the powerful groups in power has created fear among bureaucratic civil servants. As a high Iraqi official said: an

"*atmosphere of dread and fear was widespread make high civil servants could not make any decisions… this happened in 2006- till 2014*". Many civil servants fear reprisals if they raise the voice of anti-corruption, saying that if they speak up against corrupt conduct, their reputations will be put at risk.

6.4 Solidarity and the mutual immunity system:

We have seen that accusations and scenarios often result in spurious or fake charges being brought against rivals to remain silent about powerful groups' corrupt conduct, or to protect suspected bureaucrats from being brought to justice, and this sometimes led to wrongful imprisonment of innocent people. But in other respects, anti-corruption and accountability efforts appear to tolerate the corrupt behaviour, and there is collusion not competition between rival groups. Such collusion to hide each other's corrupt behaviour binds them together to prevent accountability of many if not all the corrupt elites in different factions. This has generated a mutual immunity system which serves to prevent action being taken against perpetrators to bring them to justice. In this section, we discuss, first, the solidarity of corruption, and second, the mutual immunity system.

6.4.1 Solidarity of corruption

Such solidarity takes two forms: within groups; and between groups

6.4.1.1 Deals of solidarity within groups

In various post-conflict societies, factions may share a mutual interest in preserving each other's positions. In some cases, elites try to negotiate with each other on *quid pro quo* accountability deals. For example, a former Iraqi high commissioner said that "*accountability becomes a big deal between political groups over the last decade."* Solidarity is often formed within ethnic and religious groups, for instance when Shia protects Shia and Sunni protect Sunni. An MP who has a Kurdish ethnic background and has eight years of practical experience in the Iraqi parliament, noted: "*The biggest problem in Iraq is the impact of power division based on muhasassa between groups on the process of accountability. Many times in our committee when we questioned an official, if he is from Shia background, all Shia members stayed silent without any questions. This is also right for Sunni and Kurdish*

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ministers". Another MP, who has a Kurdish ethnic background and was an MP in Baghdad for four years, said that:

> *"In fact, there are agreements between blocks in the Iraqi parliament, each blocks / groups/factions defence of its ministers even if the minister involved in corruption. This solidarity towards each other involved Shia for Shai and Sunni for Sunni. If Sunni understand that one Sunni member in the government involved in corruption, all of the Sunni MPs have supported him while all knew about his corruption. This is also true for Shia".*

While another MP who has a Sunni background and was an MP in Baghdad, made clear that this solidarity within groups is fuelled by "…*the impact of sectarian appointments-muhasassa -, if someone from Shia religious sect called to the parliament for questioning, instead of accountability the MPs from Shia component defend him and this also right for Kurds and Sunni*". Another MP who has a Kurdish ethnic background and was an MP in Baghdad for four years, revealed, in relation to a prominent Shia minister, that:

> *"In 2008, we called Hussein Sharstani, minister of oil, for questioning on lots of issues in the oil industry in Iraq such as metering system, and exporting of oil and problem of shortage of petrol for consuming domestically. … After the process of the questioning, we realised that his justifications were not in the level to persuade parliament. So we proposed to withdraw trust from him in front of the parliament. At the first we did have many supporters for this resign, but gradually all the faction's blocks such as Tayari al-Sadr, Mjlish al-Alah* [Shia groups] *were no longer supported our project".*

Another MP, who is from a Shia background and was an MP in Baghdad for four years in the Integrity Committee, said that "…*the groups in power or parliament try to defend of each other's. This is caused that accountability is factionalised*".

All of these examples of political protection or solidarity within groups between leaders have occurred during the last decade in Iraq; another former MP who has a Kurdish ethnic background and was an MP in Baghdad for four years believes that:

> *"Defend of corrupt people and related to the structure and sectarian appointments … when we started the questioning in our Integrity Committee in the Parliament, where there was also division in which MPs were selected based on their affiliations to parties. So MPs also defends its members in the process of accountability. I have ever/never seen that accountability went through the normal process. I mean all political party*

interfere in the process of accountability and political party backed their ministers".

What this shows is that the division of power based on the *muhasassa* system has prevented many corrupt elites from being prosecuted over the last decade. Thus, the deal of solidarity towards each other has contributed to protecting many corrupt elites from accountability.

6.4.1.2 **Avoidance of tit-for-tat retaliation within groups**

In other cases, when factions engage in tit-for-tat retaliation, they quickly realise the damage this causes to both parties, so they invariably back off. As an interviewee who has a Kurdish ethnic background and was an MP in Baghdad for four years, said, "*If you call a particular minister for questioning and tomorrow you will see that members from other parties call your minister for holding account and gathering information on them. Therefore, this is an image of the process of accountability. Finally, everyone tries to remain silent and doing nothing*". A former high commissioner believes that "*corrupt person isn't happy to disclose other corrupt leaders.*"

Sometimes the deals of tit-tat retaliations between rivals take the form of secret reciprocal agreements between factions: "*If you harm my reputation, I will harm you. If you do not do it, I will not do it for your leaders*" (A former high commissioner said that). Another interviewee, who is from a Shia background and was an MP in Baghdad for four years, explained such deals said that: "*you are from the political party you want to hold account a minister from X party so that X party will do the same for your minister. In other words, if you are holding an account to my minister, I will do it the same for yours. As a result, each of them stops and does nothing. This has occurred in Iraq during the last decade*". A former high commissioner provides an example related to the mayor of Baghdad: "*When we wanted to hold account of the mayor of Baghdad, there was a secret agreement between some factions. If you do it for mayor of Baghdad, we will do it for someone else*". A former high commissioner added that "*when we wanted to hold account of the Prime Minister* [Shia] *we were threatened with holding the account for other leaders such as the speaker of parliament* [Sunni]." Also, another interviewee, who has a Kurdish ethnic background and was an MP in Baghdad for four years, said that, "*if you holding account of my minister, I will do it the same for your, but if you are not doing such holding account for mine, I will also not be doing for yours*". Finally, he added that "*everyone remains silent than to speak.*"

An independent commentator, made clear that the distribution of jobs based on affiliations between groups makes fertile ground for tit-for-tat retaliation, said that:

> *"...the big issue in Iraq is distributing jobs/positions based on groups, and factions. This becomes a factor for the political protection of corrupt elites. For instance, if you speak up against one group or person inside the group, they will bring you many misuses of power from another group. As a result, everyone clams and not speak anymore... This is a problem with muhasassa. You see lots of public money has been wasted without any accountability. This is because accountability does not work within the muhasassa".*

Finally, a former Iraqi official questioned, *"so, how accountability works in Iraq, while if you are holding account of someone of my group, I will do it the same for your group".* All of these examples and explanations provide evidence that threats of tit-for-tat retaliation between groups have been used as a means of deterrence against each other.

Three points can be made from the above discussion of solidarity of corruption within groups:

First, the solidarity of corruption within groups shows how the protection of perpetrators can arise when a single person commits corrupt acts but the group has become a shield for protection because perpetrators have used their background affiliations to avoid accountability. As we have seen, the action of collectively protecting perpetrators has taken a variety of different forms, including reciprocal hushing up of each other's corruption, threatening of each other to bring corrupters to holding an account, and defending corrupters based on their affiliations.

Second, it could be argued that such forms of corruption protection help to secure a degree of political reconciliation. This kind of solidarity may be similar to what writers talk about within the post-conflict society as buying peace (Fjelde, 2009), and it is connected to the process of negotiation between various groups to avoid bloodshed and thereby preserve stability (Le Billon, 2008; Zaum and Cheng, 2011). It could be argued that this type of solidarity and short-term stability within the group is, as Richmond and Franks (2007: 30) have argued, a form of "power-sharing and corruption" in the deeply factionalised political system. Likewise, another interviewee who has a Kurdish ethnic background and is an MP in Baghdad believes that *"If they* [groups in power] *disagreed upon everything, they are agreed upon corruption".* Power-sharing arrangements in Iraq based on sectarian appointments

through *muhasassa* undermine the process of accountability because different factions in Iraq over the last decade have turned a blind eye to each other's corrupt acts, or even portray them as normal; but they could be regarded as beneficial in the short term.

Third, however, my view is that even if the solidarity of corruption between factions in power is a net benefit in the short-term, it is a net harm in the long-run. It may buy a short-term peace, but at the risk of entrenching sectarian conflict in the long-term. In Iraq, the sectarian division is deeply ingrained, and the more it persists, the greater the risk of renewed violence across the country. Mass demonstrations in both Iraq and the Kurdistan region have been launched to protest against the fact that all elites are corrupt no matter which religious or ethnic and political parties they are affiliated to. The Arabic protesters use the term 'Corrupt Whales', which suggests that despite temporary stability, the outcome is worse for everyone. Moreover, even in the short-term, that solidarity of corruption does not distribute benefits equally across political factions, in that the most powerful groups are more benefitted than the weaker groups.

6.4.2 Mutual immunity system

The solidarity of corruption has built a system of mutual immunity for members of all political factions. Political leaders have constructed firewalls to provide an immunity system to protect corrupt people in all groups, factions and parties from any allegations. This immunity takes two forms:

6.4.2.1 Leaking information about investigations

One element of this immunity system relates to the prior warning given to corrupt people that they might be investigated. As an interviewee who has a Kurdish ethnic background and was an MP in Baghdad for four years, explained:

> "*In my view, the structure of power based on sectarian affiliations becomes a kind of immunity system for the ministers from any kind of accountability. This artificial immunity system is created by the political parties…this problem makes the process of investigation and protection of secrecy of information were no longer remain secret, which simply leaked to the suspicious corrupt people…before starting any kind of accountability. So if suspected people received the information before brought to justices, all of them try to contact high officials/their factions in parliament, and try to*

find the way to escape from the process of accountability. As a result, the process of the accountability will stop and not reaching its aim".

Leaking information which the investigation team would like to keep secret, certainly has an impact on the work of commissioners. Leaking such information has inevitably changed the process of the investigation because suspected people have time to create new mechanisms for escaping from the allegations against them. Another interviewee who has a Kurdish ethnic background and was an MP in Baghdad for four years, re-telling the story of the competition in appointing an MP as a head of the Integrity Committee in the Iraqi parliament said that "*When I was in Baghdad there were fighting between groups to nominate a very well-known person as a head of the Integrity Committee in the Iraqi parliament*". When I asked A. H. B. why there was such fighting, he replied: "*This is because groups in power are happy with this person, i.e. the allegations into corruption were no longer remaining secret and information* [on cases of corruption] *was quickly provided to powerful group*". In other words, because the allegations against the MP were leaked in advance of any prosecution, he had time to find ways of escaping them before his nomination as head of the Integrity Committee.

Even though the investigation took place and the case had been brought to the table, the Integrity Committee was divided between groups in power as an MP, who has a Kurdish ethnic background, said: "*Public Integrity Commission or Integrity Committee in the Iraqi parliament also divided between groups based on muhasassa; so how you do your investigation and secrecy of investigation will be kept*". The division of the posts of the Integrity Committee made easier for all political parties to interfere in the process of accountability, and political parties backed their ministers and supported them when they received information about the prosecution.

6.4.2.2 Manipulation of the judicial system

Another factor in the immunity system relates to the justice system and the protection of corrupt people from being brought to justice. As a former high commissioner, explained, without a fully functioning justice system, the anti-corruption bodies are powerless to act effectively:

> "*Commission of Integrity receives information about corruption in different branches of government. Our task is an investigation but under the supervision of the judicial system. If the Commission of Integrity is active*

but the justice system is inactive, the result will be zero. The judicial system in Iraq is non-dependent, and courts are subject to manipulation by political parties, and it cannot involve in any case".

Over the last decade in Iraq, there have been many examples of manipulating the judicial system by political figures. For instance, (the governor of the Iraqi Central Bank) was sentenced by a court to seven years in person, but later acquitted. Another interviewee who has a Kurdish ethnic background and is an MP in time of writing in the Iraqi parliament questioned how he was accused; how the court found sufficient evidence to sentence him; how this decision was appealed by the high tribunal court; and after Haider al-Abadi became prime minister, how that sentence was cancelled and Mr al-Shabibi was declared innocent. This current Kurdish MP argued that "*We reach a conclusion that judicial system in this country has politicised because the courts and judges have been used for personal/factional purpose*". He questioned, rhetorically: "*what should we do as MPs and as the Commission of Integrity… And you see how the judicial system is corrupted*".

Another interviewee, who has a Shia background and was a commissioner for several years in Baghdad, talked about another case in the judicial system in Iraq – the case of al-Jburi:

> "*The current speaker of the Iraqi parliament* [Salim al-Jburi- from Sunni background]*, accused of 12 cases on terror. Because he used to be head of the Committee of Human Right in the last session of Iraqi parliament he often spoke against the Maliki's government of abusing of human rights. After he candidate to become a speaker of the Iraqi parliament, after one hour and 15 minutes, result* [the judge's decision] *was innocent. But one of the judges said I am not going to approve that. The court suggested to him to take a holiday. And he rejected to take a vacation at that time. However, the court decided to transfer him to another court in another province and the court brought another judge to approve this decision towards Salim al-Jburi current speaker of the parliament*".

This commissioner mentioned another example: "*one politician Mashan al-Jaburi* [currently an MP from the Sunni religious sect] *took salaries for numbers of employees who in reality didn't exist: 'ghost jobs'. The court jailed him for 15 years in prison. But after he reached an agreement with Maliki's group* [former Prime Minster] *and after 11 minutes in the Baghdad airport* [the court was transferred to the airport] *the resulting Mashan al-Jaburi was innocent*".

A further issue brought up by a commissioner was about Iraqi contracts, said that "[in 2013] *in a deal with the Russian defence ministry when Iraq bought military equipment there were talking around US$600 million that means 20% of* [the real price of the contract] *was given as a bribe to obtain this deal*". In Russia, the defence minister had to resign, but in Iraq, this case has been closed by a compliant court. While there was sufficient evidence that a son of the Prime Minister (Ahmed Maliki) was involved in this case with some people from his family or his party, the case was terminated by the court.

The case of non-sufficient evidence was also raised by another interviewee, who has a Sunni background and was an MP in Baghdad, in that he said "*many times we tried to direct the dossiers of corruption to the court, but the answer would be that 'due to the lack of sufficient evidence we decided to close these cases!'".* Another interviewee, who has a Kurdish ethnic background and was an MP in Baghdad for four years, said *"We were involved in different kinds of investigations and tried to reach the reality of different cases. Finally, we saw that the court has not solved 1 out of 1000 cases".* Another interviewee who has a Kurdish ethnic background and was an MP in Baghdad for four years, described how judges were appointed by political factions, and said that, "*if you are a judge 100% better than me if you are not affiliated to the political party you will not get the position; you cannot be in anything you must have approve from the political parties in power".*

A senior advisor in Kurdistan government talked about the issue of the judiciary in relation to the mentality of judges in the Kurdish region, saying that "*It is necessary that the judicial system be independent of the government and parliament but their mentality isn't. All* [judges] *talk about the political impact on their work. So what, if the politicians said something to me to do it if I reject, will they kill me? No, in Kurdistan no situation has been changed a lot, but we have to sacrifice a little*". Another current MP in the Kurdistan regional parliament said that "…*political parties have a primary role in appointing judges. Let me bring you an example; the judge visited the politicians and for nearly 15 minutes waited in the reception in order to meet a politician. How this judge can hold politicians account*?"

Another MP in the Kurdistan region, talked about this issue, saying that "*Unfortunately, the judicial system is not in that level of trust... We are as MPs we can only investigate the cases, but we do not have judicial power*". Another current MP in the Kurdistan parliament, brings an example about the weak role of the courts in the Kurdistan region, saying that if the Committee finds something illegal, they have to refer it to the court or the prosecutors, but

nothing happens: "*we have -list of names- who were involved in trading crude oil with ISS and we know the companies and we have given all evidence to the interior minister, but nothing happens*".

All of the examples indicate that judicial power in Iraq is prone to political manipulation. The division across *muhasassa* and partisan lines have undermined independence of the justice system in Iraq. The weak role and manipulability of the judiciary have been observed by many Iraqis as the entire system has become an important means of escaping from prosecution. Corruption protection through the court has a legal impact in that if a court closes any dossiers of corruption, the cases will no longer remain on the table. The clear implication is that the court has become a place where only minor cases of corruption are investigated, and some interviewees believe that only small fishes are caught up by it, and the largest fish escape (A high commissioner said that and also confirmed by an MP from Kurdistan region).

This discussion on the mutual immunity system leads me to two reflections. First, the mutual immunity system has been able to emerge because of the weakness of the judicial system: "*If there is not an active justice system, the whole accountability system is frequently misleading for sectional or personal purposes. The consequence is instead going toward democracy, but was rather tending toward authoritarian behaviour; there is a system such as institutions and government and MPs, but we detached in the real meaning in which they are only bodies*" (said a privet sector employee who leads a personnel consultancy company). These groups in power have constructed walls to protect their corrupt members from any allegations set up by the court. They protect them either by preventing them from being brought to court at all, or by manipulating the supposedly third independent party - the judicial system- to make court decisions in their favour. So again we see corruption protection through building immunity system for perpetrators who are affiliated to the parties in power.

Second, the mutual immunity system benefits the powerful groups in power but not the masses. The majority of the interviewees talked about the powerful groups (such as Maliki's party) who are the winners in Iraq, because the mutual immunity system only provides protection to the corrupt people who are affiliated to the factions in power, whereas other powerless group members have been jailed because their groups were not able to provide such protection for their members who were accused of corruption. Such powerless groups include both Sunni groups - Salim al-Jburi and Cenan al-Shabai - some of whose members

have become victims by seeking to resist the status quo, and some Shia groups whose members include Rahim al-Ugaili and Sabah al-Saadi. So the mutual immunity system reinforces inequality in Iraq, reproducing the superiority of the powerful groups to protect their affiliated people, and increasing the powerlessness of the victims of corruption.

6.5   Conclusion:

The main aim of this chapter has been to identify and discuss the third form of corruption in Iraq – corruption protection. Three main conclusions can be drawn from this chapter. First, the form of corruption here is not an economic one likes rent-seeking; and it is not a political one like clientelism; but it is a judicial one of avoiding accountability for the personal or sectional acts of corruption. The practice of corruption protection has led to a situation in which the very notion of who is corrupt and who is not corrupt has been hijacked by the ruling political groups. Second, such ways of providing corruption protection are not related to the weak structure and legal foundation of anti-corruption institutions, but rather to the sectarian division of power based on *muhasassa* in Iraq which has generated a system which serves to prevent action being taken against corrupt perpetrators. Corruption protection is not a policy or programme or an ideology of groups in power; rather it is the result of the *muhasassa* system in Iraqi politics. It is a whole set of political actors who both compete and ironically cooperate with each other based on corrupt deals. It could be argued that corruption protection helps to secure a degree of political reconciliation between groups in Iraq by what can be called 'buying peace', connected to the process of negotiation between various groups to avoid bloodshed and thereby preserve stability in a deeply fractionalizing society. As an interviewee, who is currently MP on Integrity Committee in the Iraqi parliament, believes that *"If they* [groups in power] *disagreed upon everything, they are agreed upon corruption"*.

 Third, as we demonstrated, in the Iraqi context the cost of reporting and punishing or pursuing of corruption is too high. Attempting to eliminate corruption by establishing new anti-corruption bodies has merely opened up more institutions to be corrupted. The case of Iraq tells us that we know what corruption is and the anti-corruption bodies are well-designed to fight corruption. But the competing groups in power have created a system to promote corruption protection by protecting corrupt people and creating different mechanisms that prevent commissioners from carrying out proper investigations into corrupt conduct. Thus, there is no point in establishing new bodies of anti-corruption.

Chapter 7   Discussion

7.1   Introduction

This chapter is a discussion and synthesis of the main themes of the study and the purpose of the chapter is twofold. First, I will discuss what is the relationship between these three forms of corruption in Iraq by drawing out the contrasts and the similarities between them; Second I will turn to the question of whether the experience of corruption in Iraq has modified our understanding of the concept of corruption.

7.2   What links the three forms of corruption?

In this section I discuss what links and divides the threes forms of corruption, focusing on six points: (a) target areas: economic rents v. buying affiliations v. hijacking accountability; (b) scope of domination: economic v. politics v. legal; (c) structure of corruption: top-down v. bottom-up; (d) causes of corruption: *muhasassa* v. economic rent; (e) implications of corruption: economic inequality v. political inequality v. lack of trust of legal system; and (f) corrupt acts: sectional v. individual.

7.2.1 Target areas: economic rents v. buying affiliations v. hijacking accountability

Each form of corruption has its own targeted areas. Rent-seeking by senior state actors largely involves obtaining inflated salaries and personal expenses or other material benefits. According to Faraj (2013: 76-77) the former head of the Commission of Integrity, such salaries and personal expenses are amongst the highest in the world for such public servants. Another targeted area of rent-seeking is monopolisation of the economic activities through the hegemony over the market exerted by political groups. This has led to "*monopoly in different economic and business dealing practices*" (An MP from Kurdistan parliament said that). Thus, the targeted areas of rent-seeking actors lie in economic benefit.

By contrast, the target areas of clientelistic ties are political parties involved in buying affiliations at the individual level and organisational level. At the individual level, the political parties targeted individuals in one-to-one interaction through providing public sector jobs and welfare benefits. Over the last decade in Iraq, every party tries to appoint their affiliated individuals (voters) either from their family, party, sects to such public sector jobs.

By contrast, targeted areas at the organisational level involve collective bargaining characterised by diffuse relationships using a wider range of inducements than jobs and welfare benefits. In addition to this, collective bargaining in clientelism involves buying organisations such as NGOs, small parties and families through funding their activities and using them to serve the parties' agendas (NGOs focus group discussion).

In contrast to both economic and political targets, corruption protection - the third form of corruption in Iraq- targeted anti-corruption bodies taken over by political parties to serve as "*tools in the hand of the elites*" (Said a fromer Iraqi MP, who is from Sunni bacground,). As we saw in Chapter 5, corruption protection has taken two contrasting paths: (1) groups in power use the system of accountability as a weapon against each other resulting in fake charges being brought against rivals which sometimes lead to "*wrongful imprisonment of the innocent and accusation in return for your silence about my corruption*" (Said an MP from Iraqi paliament, who has Kurdish ethinc background). (2) groups in power may find they have little incentive to expose other groups' wrongdoings because they themselves are vulnerable to the same charge. So both groups are involved in "*mutual tolerance of corruption*" (Said an independent Kurdish commentator) – i.e. the '*solidarity of corruption*' (Said a former high commissioner in Baghdad).

7.2.2 *Scope of domination: economic v. politics v. legal*

Each form of corruption aims at domination of some kind, but not the same kind: rent-seeking aims at market (economic) domination; clientelism aims at political domination, and corruption protection aims at legal/judicial domination. Rent-seeking uses the political system to obtain economic benefits and the scope of rent-seeking is about the carving up of economic spoils monopoly (money). Rent-seeking actors are profoundly about gaining control over state benefit allocations i.e. public contracts, and about controlling the market for their companies, to stifle economic competition and legitimise their domination. So rent-seekers, who seek to exploit monopoly situations for personal gain, are driven to obtain preferential treatment (favouritism) in the marketplace through "*ownership of, or influence over, political parties to create monopolies for themselves*" (An MP from Kurdistan parliament said that). The companies which are given priority positions and access to various types of privileges would not have obtained these contractual allocations if they had gone through official channels or a competitive selection process. This kind of engagement by

rent-seekers is often hidden through indirect economic transactions, but there are known examples of politically-connected firms/entrepreneurs/investors corruptly obtaining favours from the political parties in power in the form of such preferential economic treatment (siad one fromer high official in Kurdistan government, and confirmed by one Kurdish independent commentator). The extensive scale of these privileges amounts to domination of the private sector – i.e. market capture which entails the carving up of economic spoils (money).

By contrast, clientelism uses the political system to reinforce political control or the carving up of political spoils (power). The focus of clientelism lies in political and social domination, in that clientelism is about the colonisation of state jobs and bureaucracy by political factions. Groups in power are colluding with each other to distribute jobs in exchange for political affiliation by which political factions attempt to secure votes in the elections (Said a former Kurdish MP in the Iraqi parliamet and confirmed by a former high commissioner in Baghdad), which makes clientelism more diffuse than rent-seeking. Therefore, clientelism is about the carving up of political spoils (power) rather than the carving up of economic gain that we see in rent-seeking.

In contrast to both, corruption protection is about carving up of the legal system. Corruption protection seeks to control the anti-corruption bodies and the justice system to prevent it from dismantling the structures of economic and political domination. Nevertheless, there is one sense in which corruption protection is analogous to clientelism and rent-seeking – that it is a form of carving out some kind of benefit for privileged elite. If rent-seeking is about the carving up of economic spoils monopoly (money), and clientelism is about the carving up of political spoils (power), corruption protection is about the carving up of legal spoils (legitimacy). By hijacking the process of legal accountability, corruption protection seeks to control the anti-corruption bodies and the justice system to prevent it from dismantling the structures of economic and political domination.

7.2.3 Structure of corruption: top-down v. bottom-up

Another comparative feature of these three forms of corruption is structural - whether they can be classified as top-down or bottom-up. If the setting of corruption decisions is centralised in the top officials at the state level, such corruption refers to top-down; whereas bottom-up corruption refers to the setting where corruption is decentralised in the lower

bureaucratic levels (Waller *et al*., 2002: 688). In rent-seeking, corruption is both top-down and bottom-up. Our analyses show that in rent-seeking by senior officials, their official salaries, personal expenses and their illegal transactions are ways of doing monopoly rent-seeking, while rent-seeking by other low bureaucratic levels refers to the malpractice of public contracts and involves monopoly in the market. In clientelism, corruption is primarily top-down, in that senior officials are involved in appointing many people from their parties in exchange for buying electoral loyalties, and funding many organisations in exchange for obtaining their political solidarity. Similarly, corruption protection is mainly top-down, in that it entails senior officials interfering with official acts of the judicial system and the politicisation of the anti-corruption process.

7.2.4 Implications of corruption: economic v. political

Each type of corruption has serious implications, but not always the same kind. All three forms of corruption to reduce the legitimacy of the government in the eyes of the public, undermine the trust in governmental institutions that is crucial in the modern state. Rent-seeking has its own implication of increasing economic inequality and widening the gap between rich and poor. This has had a damaging impact on the distribution and redistribution of income in the country, making the "*mega rich overnight*" (A senior adviser at Kurdistan parliament said that), and *"makes rich richer and make poor poorer*" (An MP from Kurdistan parliament said that). Rent-seeking also reduces learning by doing: the free market is blocked, and this damages the process of building local capacity in the economy, which is essential for economic innovation.

Whereas clientelism has political implications in that it has drastic impact on the inequality of accessing the state resources; those who are lucky established their relationship with political leaders. Clientelism in this form creates a situation of over-employment and inequality in accessing state resources based on non-competitions and unqualified people in bureaucracy; ultimately the matter is loss of professionalism in the bureaucratic appointments. Under this situation, formal, merit, capacity, and professionalism cannot be developed. Clientelism can also repression of critical voices over corrupt state allocations, and undermining of democracy in Iraq which clientelism can cause "*lack space for criticism*" (A senior adviser the Kurdistan parliament said that). This in turn can lower accountability.

Corruption protection has, in turn, its own impact on the legal/judicial system in that it undermines public trust in the entire system of accountability - indeed, in the whole legal and judicial system in Iraq. It has made "*corruption to become normalised among political elites*" (A former Kurdish MP in the Iraqi parliament said that); "*systemic corruption which Iraqis have accepted as normal practice by elites*" (A former Suuni MP from the Iraqi paliament said that). Establishing new anti-corruption bodies has merely opened up more institutions to be corrupted. The anti-corruption bodies have become means for "*catching the small-time crook, not big fishes*" (An MP from Kurdistan paliemnt said that). And corruption is growing because whistleblowers have been framed with corruption charges.

In sum, all three forms of corruption together reduce the legitimacy of the government in the eyes of the public, and undermine good governance.

7.2.5 Causes of corruption: muhasassa v. economic rent

Empirically, the study has shown that the three forms of corruption are driven by two main fundamental variables: sectarian/partisan line appointments *muhassasa;* and rent-based economy. These two fundamental causes of corruption are discussed in this section.

7.2.5.1 Muhasassa

First, *muhasassa* normalises corruption in Iraqi institutions. Many interviewees talked about how *muhasassa* is entrenched in the political system and how it is a fundamental source of corruption in Iraq. An interviewee, who has a Sunni background affiliation, and was an MP for four years in the Iraqi parliament, said that some degree of corruption is inevitable because of a "*division of government positions across ethno-religious lines and sectarian appointments – muhasassa-.*" The implication of such inevitability might be that corruption is the price that must be paid for a sectarian political system which is based on a principle of ethnic sharing or fairness (consociational democracy)[48].

However, others claim that political parties in Iraq manipulate the consociational democracy system to their own advantage rather than to meet principles of proportionate fairness, as an

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[48] According to Lijphart (1977), consociational democracy can be defined in terms of three characteristics: First, a grand coalition of political leaders of all segments of the society; second, a mutual veto and proportionality of representation of civil servant appointments and allocation of public funds; and third, a high degree of autonomy for each segment to run its own internal affairs. It can be interpreted as a form of sharing power in the state that comprises a diverse society, by allocating each group a collective right.

interviewee, who has Kurdish ethnic background and MP four years in the Iraqi parliament said:

> *"In theory, there is ethno-religious fragmentation but in practice, there is the impact of the political factions in Iraq over the distribution of state positions [...] in theory there is a consociational democracy but in reality, there is something else called al- muhasassa, in which every faction wants to share in power and share in the wealth".*

There is an important distinction between the benign principle that the ethno-religious composition of governments should reflect the ethno-religious composition of society, and the malign principle that political parties should be responsible for making this happen. In one sense the *muhassasa* becomes means in which political parties dismantle the state into competing rivals, and divide the state institutions among competing rivals. In this respect, Moran (2001: 383) argues that in states going towards democracy, the process of democratisation has its own effect on weakening the state structure by ignoring the formal structure of the formation of politics and administration. This interaction takes place through short-term compromises between rival groups eluding to as functional democracy; but in reality this is only 'black politics'. Iraq is a prominent example of this, where the state institutions are divided along sectarian and party lines where political *muhassasa* has been integrated with state a network which is much more significant than the formal democratic mechanisms. This distinction was made by a high official in Iraq:

> *"We suffer from the problem of al- muhasassa [sectarian appointments], and it has had a significant effect on administration. It is really depressing and harmful. I think we do not have any problem that all government institutions should reflect the reality of the diversity of the Iraqi society such as Shia, Sunni and Kurds. But now all institutions are reflecting the groups of parties where all taken jobs based on muhasassa which the important condition is affiliation to the parties than merit and capability".*

Although in theory, each political party representing Sunni, Shia and Kurds should be given posts to promote social harmony, in practice, the cabinet posts in the government were divided between the victorious electoral parties and justified by sectarian quotas. The fragmentation of *al- muhasassa* –sectarian appointments – involves the three forms of corruption in different ways:

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(a) Clientelism- Here, *al- muhasassa* entails easy access to the government and allocation of jobs to people from the government's parties' supporters. Throughout their period of control of the state structure, party leaders in power allocate crucial resources of jobs, funds for various personal favours, and privileges to their pure supporters. Political parties have turned this colonisation of state largesse into a system of sectional, rather than public, benefit. Parties' members have not bonded together as networks in themselves, but "*remain firmly representative of their party within the government concentrating effort only on working for their party*" (A Kurdish MP from the Iraqi parliament said that). As an interviewee, who was a former high Iraqi commissioner in Baghdad, put it, "*then, in a time of election said to the people; if you guys give me your votes, I will offer you jobs in the public sector*". Another interviewee, who was a former high offcial in the Kurdistan government, describes this kind of governance as a "*new form of governance*" whereby political groups are more interested in controlling office and remaining in it for a long time than in pursuing a particular political agenda.

 (b) Rent-seeking – Here *al- muhasassa* entails easy access to the money and monopoly of the economic activities in the market. By accessing the state to take their shares through *muhasassa*, parties build up their economic resources. This occurs in two ways: personally and organisationally. Personal resources were grown during the last decade, in that many political elites in Iraq are among richest people in the society (Said a Kurdish MP in the Iraqi parliament and confirmed by a fomer high commissioner in Baghdad). As a fomer high commissioner in Baghdad said: "*nearly entire elites are involved in corruption in Iraq after 2003*". Another MP from Integrity Committee in the Kurdistan parliament said "*where did they bring this huge money if they are not stealing, from public assets?*". Another interviewee, who has Kurdish ethnic background, and was MP for four years in the Iraqi parliament said, "*Parties want to share in power and share in wealth*". So *muhasassa* gave parties easy access to state resources from which party leaders acquired personal fortunes.

Secondly, through this access to state funds, parties built up resources for their organisations. Evidence shows that post-2003, parties came into government with nothing, but now they have TV stations, websites, newspapers, many employees in their organisations, and they have opened many branches in many provinces throughout Iraq. As a former high commissioner in Baghdad testifies,

> *"Before 2003, many of Iraqi political parties did not have enough money to build up camps/branches, but now they have lots of branches in a whole Iraq, and they have three to five TV stations, and salaries have taken in very open ways. Imagine some of the political parties got many TV stations and many websites. For instance, Maliki* [former Prime Minister] *has built many TV channels and opened many websites all of them took their money from his office as a prime minister. All employees receive money from the government but actually they work for Maliki's party in either in TVs or the websites.*

A former MP, from Kurdistan parliament provides a real example in the Kurdistan region:

> *"...the party in power has got 10 TV stations, 30 radio stations, 40 newspapers and magazines. For instance, PDK party has got Zagros TV, Kurdistan TV, Gulan* [magazine]*, Khbat and Brayati* [newspapers], *and has owner TVs but under the different names. In each, the provinces and districts in the Kurdistan region political parties in power has local radios and local TVs. They also have lots of websites. They also have got many people are working in these organisations. How do they obtain money for financing all these organs or where does money come from? If there is no illegitimate source of funding all these activities, how they manage to do so? In the Kurdistan, the illegitimate source of income is very clear which the main one is oil".*

(c) Corruption protection. Here *al- muhasassa* entails exercising influence over the anti-corruption bodies and hijacking the system of accountability- corruption protection. Many political parties in the government over the last decade have disabled institutions for anti-corruption, undermined the system of accountability, and politicised many cases in the courts by preventing perpetrators from being brought to justice. Posts independent bodies such as the Commission of Integrity are distributed based on *muhasassa* affiliations between political parties. As an interviewee, who has a Sunni background affilaition and was an MP for four years in the the Iraqi parliament, said: "*head of the Public Integrity Commissions from Shia background, vice should be Kurdish and nine directors in the Public Integrity Commissions from political groups".*

Access to the state through the *muhasassa* in the first instance is, therefore, crucial for the parties in power. Through *muhassasa,* parties can establish their clientelism foundation, and clientelism is more important than either rent-seeking or corruption protection in the sense that it is the basis of their existence. Without clientelism, neither rent-seeking nor corruption protection would be very deep or extensive. Both rent-seeking and corruption protection owe

their strength and pervasiveness to the prior existence of clientelism. The ultimate aim of the clientelism strategy is to benefit from and reinforce political power, since whoever controls the government can control both economic 'rents', and anti-corruption bodies. As an MP from the Kurdistan parliament argues, *"Controlling both economic and political channels, parties can easily control power"*. Indeed, at the risk of oversimplification, the fundamental source of all corrupt practices in Iraq is the clientelism system of *al-muhassasa.* The second most important form of corruption is rent-seeking, because it is also a primary form of corruption, whereas corruption protection is a secondary form of corruption: if rent-seeking (and clientelism) did not exist, corruption protection would be redundant.

7.2.5.2 Rent-based economy

It is not only *muhasassa* that has fostered these three forms of corruption, but Iraq is also an oil-rich developing country. Like other oil-rich countries such as Saudi Arabia, Kuwait, Nigeria, Angola and Venezuela, Iraq is dependent on oil revenue in financing nearly all government activities. Unlike agriculture or other forms of economic activity, oil production has dominated the Iraqi economy since 1950, contributing 60% of GDP and 99% of exports, and has provided Iraqi foreign exchange with around 95% of its earnings (Looney, 2004; Al-Tamimi, 2012; UNDP, 2014). In Iraq, the government is the main recipient of oil rents. Currently, as a Kurdish MP from the Iraqi parliament said, "*oil revenues constitute 87% of total Iraqi budget"*. In the view of an Iraqi oil expert, "*Iraq is typical rent-based economy*", in that the government depends only on one source of income, which is oil revenue. Regarding the political consequences of dependence on oil rents for financing the Iraqi budget, an Iraqi oil expert said that:

> *"This why we say the rentier state, it has a soft budget and has money without any effort because international oil prices decide the money. Norway is oil-rich country but not a rent-based economy where there is no representation without taxation, or there is no taxation without representation. That means if I pay tax I have the impact on the political parties. But when the government does not need the taxes such as Iraq because it has the economic rent from the oil revenue, they do not need my taxes they will give the money through employment and social subsidies and other and social contracts".*

Since huge revenues have been extracted from a natural source, this can reduce the government's demand and desire for domestic tax. In this situation, citizens do not care about

how the government manages the massive amounts of oil money. So the political effect of the rent-based economy is to reduce the public's desire to bring to account the corrupt behaviour of state actors. This causes more inequality and rampant corruption, and politicians tend to exercise authoritarian power and so are more susceptible to misdirection.

In brief, the above discussion has shown that two fundamental variables have affected the three forms of corruption over the last decade in Iraq: *al-muhasassa* and a rent-based economy. Many of my interviewees consider fractionalization based on *muhasassa*, as the more prominent factor, but both are pre-requisites for the widespread corruption that exists in Iraq. The next question is whether corruption is primarily undertaken for individual benefit or sectional interest by groups in power.

7.2.6 Is corruption sectional or individual?

The next theme for discussion is whether corruption is mainly an individual act in Iraq, or whether corruption is mainly undertaken by groups of actors. In other words, do acts of corruption occur mainly for individual benefit, or are beneficiaries primarily groups of actors i.e. party members? We can define corruption at the individual level when an individual is diverting public resources primarily for his/her own personal benefit at the expense of the public. This kind of corrupt behaviour varies, including theft of public assets, taking bribes, and exaggerating personal expenses. As a current Kurdish MP from the Iraqi parliament said, "*In the previous cabinet, we do have a minister take over US$900 million of public money*". Although corrupt pecuniary benefit is more obvious and tangible as an individual act, we do not have only to look at the monetary value in the form of money, because corruption may occur by individuals but have no direct monetary value - for example, by appointing people from political parties in the different government sectors. A former prime minister (Maliki) "*appointed 10.000 people in defence and interior ministries from his party*" (A fromer Kurdish MP in the Iraqi parliament said that). There are other corrupt acts of non-pecuniary value such as funding particular NGOs, small parties and families, which benefit politicians personally by increasing their supporters.

In contrast, corruption often occurs in Iraq by groups acting collectively. Such corruption is undertaken typically by the dominant coalition, elites, or top politicians with civil servants in the bureaucratic levels. Here the primary benefit of corruption is for the group. In all three forms of corruption, it is clear that groups have benefitted from collective corruption. For

example, in clientelism, parties target individuals and groups to control and maintain their hegemony over civil society. In rent-seeking, the state level groups are involved in the artificial monopoly of rent that is taken from public assets. As a result, many elite groups have become richer over the last decade, and parties' monopoly over the economy has grown. The picture is more complex in the case of corruption protection, in that both individual and group benefits are significant. For instance, the act of corruption protection may be committed by one individual, but he/she may use his/her party or group as a shield to escape from prosecution. So this kind of corruption involves group networks rather than individual action, and the beneficiaries belong to groups who are all involved in corrupt behaviour. Also, when perpetrators are prevented from being brought to justice, they may individually benefit, but their groups also benefit from this legal immunity. In other cases, the corruption may take the form of negotiation between political groups to turn a blind eye to each other's corruption - "*you protect me I will keep you safe*" (Said a retired Iraqi official and also confirmed by an Iraqi commissioner). Here the corrupt act is essentially group-based not individual-based.

Three important points can be drawn from the above discussion. First, it is difficult to confine corruption to the individual level because corrupt group behaviours are widespread in Iraq. As a former MP from the Iraqi parliament, who has Kurdish ethnic background said, "*throughout the Iraq one can hardly find an institution which is free from corruption*". Second, even if we identified corruption by the number of individuals involved, the numbers would be so large that it encompasses much of the population which thereby constitutes a group. As a a former high commissioner in Baghdad said, "*entire elites are involved in corruption*". Third, there is a common element across all three forms of corruption - that elitist/parties' or *sectional interests* have been preserved by exploiting the public resources, either by staying within the institutions and legal framework through the *muhasassa* system, or by circumventing the process of accountability. The question is raised of whether such an analysis will direct us to refine our conceptual definition of corruption.

7.3   Refining the concept of corruption

This section considers whether we need to refine our definition of corruption in Iraq in the light of the above analysis. The standard definition of corruption laid down by the World Bank is the "misuse of official power for private gain" (World Bank, 1997, p.8). A broader definition suggested by Transparency International (TI) is "abuse of entrusted power for

private gain". (TI, what is corruption, no date) [49.] However, these definitions no longer seems to fit the Iraq case, because the post-2003 system of sectarian conflict between various groups in power in Iraq entails group gain rather than private gain. Corruption serving sectarian and partisan aims does not seem to correspond with the definition of 'misuse of official power for private gain', especially if private gain is financial. Rather, debate should be focused on misuse of official power for more than private gain- for other interests which have more depth and practical meaning than personal private gain, and action that goes beyond simply bribery. This section discusses whether, first, we should consider changing the original definition of corruption from 'private' gain to 'sectional' gain; and second, whether we should consider using a political standard rather than a legal standard to identify whether corruption has taken place in Iraq.

On the issue of changing the original definition of corruption from 'private gain' to 'sectional gain' based on *muhasassa'*, we are faced with the problem that 'sectional' is an elastic term. An advocate of a sectional political party in Iraq could claim that the success of this party was not just in the sectional interest of the party itself, but in the interest of one component of Iraq, or even of Iraq as a whole, and therefore not corrupt at all. Indeed, if 'sectional' were interpreted as meaning 'any advantage to a political party', it would entail that we would not have to classify as corrupt any deal that benefitted a political party. This is because corruption is about the misuse of power, according to the definition we adopted in chapter 2, and if power is not misused, political parties could benefit without it being corruption. Conversely, if Iraqi political parties that accept funds for electoral expenses from supporters or well-wishers are judged to be guilty of corruption, this would condemn as corrupt the normal practices of many political systems across the world, including those in the UK and the USA.

If we try to overcome this impasse by using a political rather than a quasi-legal standard (misuse of power) to identify corruption in Iraq, we might argue that corruption in Iraq is based on the *muhasassa* political system which is not necessarily illegal, but is a politically damaging (undemocratic) process and such acts are against the public interest. But what constitutes a political standard, and who decides when there has been violation of such a standard? Perhaps public opinion determines what is the public interest? But the different political groups in Iraq may have entirely different interpretations of the public interest: one faction's perception of what is in the public interest is another faction's perception of the

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[49] The definition is available at http://www.transparency.org/what-is-corruption/#define (Accessed: 20 May 2016).

undermining of the public interest. The problem with the concept of public interest is, therefore, that in divided societies it may be difficult to agree on what constitutes the public interest.

Another explanation of what constitutes a political standard is fairness. A members of the NGOs focus group defined corruption as "*unfairness in distributing oil resources*." However, an immediate objection to this criterion of a political standard is that if the oil revenue that was illicitly syphoned off were distributed fairly, this would then not be corrupt. So it is hard to reach a conclusion on a definition based on a political standard of corruption.

Nevertheless, we can say that defining corruption from a perspective such as abuse of public role for private gain is not satisfactory for Iraq. Therefore, referring back to my argument earlier in this section, I conclude that we need to use the word 'sectional' rather than 'private' and use a 'political standard' rather than a legal standard to define corruption in Iraq, notwithstanding the above difficulties of defining a political standard. This is because misuse of official power for sectional interest most accurately encompasses the widespread abuse undertaken by different factions in Iraq. Note that I am not offering a new definition of corruption but exploring the way we are framing it in the context of sectarian-based corruption in Iraq.

7.4   Conclusion

The main aim of this chapter is twofold. First, to revisit some of the main themes of the three data chapters (clientelism, rent-seeking and corruption protection) to underline contrasts and overlaps and consider whether Iraq has any unique features in comparison with other contexts. The contrasts have shown that all three forms of corruption exemplify modes of dominance, but of different kinds. Clientelism exemplifies dominance over the state bureaucracy and providing jobs based on buying affiliations; rent-seeking exemplifies dominance over the economy, focusing on opportunistic entrepreneurship of factions to capture institutions of power wherever they appear; and corruption protection exemplifies domination of the anti-corruption system of accountability and judicial system, thereby politicising anti-corruption and undermining its effectiveness in quelling corruption. I argue that the sectarian system of appointments *muhasassa* is the fundamental factor that lies behind these three forms of corruption within Iraq. In contrast with other contexts, the analysis has shown that *muhasassa* is a distinct cause of corruption in Iraq. Unlike other contexts, the most explcit form of

corruption that has been expierienced in Iraq during the last decade is corruption protection. This form of corruption based on sectarian divisions seems to be distinctive to Iraq, if it is not unique. This indicates that such form of corruption are related to the fundamental political landscape, so any successful solution must be radical, but a radical attempt at ending these three forms of corruption requires the dismantling of the *muhasassa* between political groups, and there is no hope for such change at present because many of the groups are not willing to give up their interests in maintaining the status quo.

Secondly, the analysis has shown that the way we think about the conceptualising of corruption in terms of using public power for private gain does not accurately cover the case of Iraq. It is not private gain but the sectional interest of political factions that drives the system of corruption in Iraq.

Chapter 8   Conclusion

8.1   Introduction

The research in this thesis draws three broad conclusions. First, regarding the first question on forms of corruption, the research found three forms of corruption in Iraq -clientelism, rent-seeking and corruption protection – each of which has its own logic and implications. These three forms of corruption may or may not be illegal, but I argue against regarding the law as a standard for defining corruption, because otherwise, some forms and ways of practising corruption would be deemed corrupt in one legal system but not corrupt in another. The reason why these three forms of corruption are corrupt is because they are formed to promote mutual benefit between two parties, thereby subverting the public interest for sectional interest. In other words, people who are involved in such forms of corruption gain a mutual benefit which is exclusive to them, and this means privatising the public interest by a particular segment of the community. The study uses a political rather than a legal standard to identify corruption in Iraq, because corruption in Iraq is based on the *muhasassa* political system which is not necessarily illegal, but is a politically damaging (undemocratic) political process and against the public interest. Over 100 years ago, Brooks (1909) argued that corruption is intentional action, and in chapter 2, I argued that privatising the public interest by particular segments of the population subverting the public interest is definitely intentional action. My view, therefore, is that corruption has only one condition -intentional action for sectional interests- and that the issue of legality/illegality is not relevant to the definition of such corruption but only to its justification.

Second, on the question of why these particular forms of corruption have appeared in Iraq, empirically, the study has shown that the foundation of the three forms of corruption lies in two main variables - sectarian/partisan line appointments *muhasassa;* and a rent-based economy. Third, such form of corruption are related to the fundamental political landscape, so any successful solution must be radical, but a radical attempt at ending these three forms of corruption requires the dismantling of the *muhasassa* between political groups, and there is no hope for such change at present because many of the groups are not willing to give up their interests in maintaining the status quo. These three main conclusions were based on conducting interviews with 40 prominent members of the elites in Iraq from various groups including Shia, Sunni, and Kurds elites, with two focus groups: journalists and NGOs.

In this concluding chapter, there are five sections: the first section summarises the key findings of the thesis; the second section discusses the wider implications of these findings and the possibility of generalisability of the results of this research; the third section makes suggestions for further study in the light of the limitations of my research; the fourth section presents four final reflections on what can be learnt from this research; and the fifth section outlines five recommendations for policy-makers in Iraq.

8.2 Summary of key findings

In this section, I will summarise my research findings, showing how some of them reinforce the existing literature while others suggest new insights into corruption.

8.2.1 The concept of corruption

Although the conceptual definition question of corruption is still a debatable issue, the first task of this study has been to clarify the concept of corruption in the light of recent political history in Iraq, and to determine its meaning in this context. In the literature, the concept of corruption is often too broad to apply to a particular case. In common understanding, corruption means bribery, but this definition is too narrow to encapsulate the nuances of corruption in the case of Iraq. Accordingly, this study has taken a middle order approach - neither too broad an understanding of corruption to be impossible to examine in the context; nor too narrow an approach to miss out important modes. Also, this research is not normative, defining corruption on a scale of heinousness, into high and low corruption, but an empirical study, seeking not to judge corrupt people, but to understand the ways in which corruption is manifested. This study defined corruption as "behaviour which takes advantage of privileged access to public resources to obtain a personal or group benefit through monopoly rent-seeking, clientelism or corruption protection".

8.2.2 Three forms of corruption

By empirical analysis of corruption in Iraq, this study's fundamental thesis is that three particular forms are seen to have distinct logics, features, and implications, thus varying in character and impact on each other, yet they also have some common ground.

8.2.2.1 Clientelism

Anthropologists describe clientelism in rural areas as a relationship between patron and client, whereas political scientists refer to the short-term electoral bargaining between parties and voters under the title of another term, patronage, and characterise clientelism as vote-buying, and pork-barrel politics[50]. In the case of Iraq's experience of clientelism, there are elements of both the anthropological and the political definitions. Iraq's rent-based economy and sectarian-based government – *muhasassa-* are the two most prominent factors that define its clientelism. The political science element lies in the accessing of state funds by multiple and trading of money by parties in return for political support or '*buy affiliation and buying vote'.* The anthropological element lies in the patron-client relationship which is characterised by - *diffuseness, longevity, obligatory, face-to-face/ collective, and reciprocity -* which allow us to model the exchange as a repeated game.

Empirically, the evidence has shown that the condition under which clientelism occurs is strongly related to the directing of state funds –oil rents. It is also strongly related to the existence of political factions in the state who have distributed state positions based on *muhasassa.* The key purpose of the *muhasassa* is that parties are expected to have access to the public funds, which is necessary for their clientelist purpose. Thus, the bureaucracy is politicised based on *muhasassa* and exploitation of state resources can be used for a partisan purpose.

Clientelism occurs at two distinct levels. At the organisation level, clientelism is less concerned with controlling state level positions than with raising money to support many organisations, small parties, and families to persuade them to cooperate with the parties' interests. Clientelism at the organisational levels involves collective bargaining. At the individual level, clientelism entails one-to-one negotiation; in that sectarian political parties' capture citizens by using public wealth to buy political affiliations in the form of providing public sector jobs, retirement pensions, and cash payments.

Although this study is not normative, it does ask whether clientelism can be justified. For most commentators, clientelism is dangerous at worst and inefficient at best. This research suggests that clientelism may have some value in re-distributing state benefits from elites to

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[50] This term originated in American English, when representatives in an area try to appropriate government allocations to secure funds for local projects for the benefit of their own local district or constituency.

ordinary people. Although the beneficiaries are obliged to support the providers, this does not necessarily mean they are enslaved. Indeed, it could be argued that redistributing of the state benefits is a good thing for citizens who do not have any other opportunities, especially poor people, for whom clientelism could not be regarded as a bad bargain, even though there may be inefficiency and inequality in distributing state resources in this way – e.g. some clients receive a lot, but many others very little. Another benefit of clientelism could be that it raises awareness about public policies, and serves as a form of social and political mobilisation. For instance, if we compare the hierarchical patronage in the era of Saddam with the competitive form of current clientelism where it involves directed negotiation power, patrons are easily identifiable, and if they renege on their promises, they are more accountable than in the past, we might conclude that the present form of clientelism in Iraq has certain advantages.

Despite these comparative benefits of current clientelism in Iraq, however, the empirical reality shows many negative features. The most important negative feature is that it seriously damages the way democracy functions in Iraq. The key question here is to what extent clientelism prevents citizens from exercising their democratic rights i.e. expressing critical voices. At the individual level, many people have been captured by political parties, persuaded to give up their political rights in exchange for public sector jobs, and ultimately critical voices have been undermined in Iraq. Instead of votes being a means for holding politicians to account, politicians are holding people to account by monitoring whether they obey their commitments to the party. At the organisational level, there is also a negative effect on the system of democracy, because the elements of civil society including NGOs and small parties are shaped by the behaviour of their funders (political parties in power). So the establishment of opposition parties and informal watchdogs is a mirage - only "*makeup of the democracy*" (NGOs focus groups discussion).

Another negative impact of clientelism in Iraq is its vast economic cost. The size of the public sector is massive in Iraq due to the many people who have taken jobs based on clientelism. As a Kurdish MP from the Iraqi parliament noted that: "*The public employment in Iraq is now more than %15 of the whole of the population while according to different standards the public employment rate must be* [should be] *only %2 of the workforce that is available in Iraq"*. This reduces the investment allocation from the total amount of the budget. As a Kurdish MP from the Iraqi parliament said, "*In Iraq, until the present, nearly*

70% of the public budget went to operational aspects [in the form of the salaries] *and only 30% went to investment aspect."*

The Iraqi state cannot be expected to reduce clientelism without a clear policy to empower citizens to participate in democracy and understand the notion of representation. However, clientelism runs deep in Iraq, extending all the way down from power sharing between the main Iraqi components in the government, to all public institutions. Moreover, it is fuelled by the rent-based economy in which clientelism is the political mechanism that makes the economic system work. So to address clientelism, the rentier economy must be replaced by a productive economy where accountability is a requirement for its survival.

8.2.2.2 Rent-seeking

Unlike clientelism, the focus of rent-seeking is not controlling public institutions through buying people's affiliation, but maintaining the prevailing framework of economic governance. However, conceptual issues arise in determining when rent-seeking can be accounted as corruption. As we mentioned in chapter 2, there are three interlocking kinds of rent-seeking as profit-seeking; rent-seeking as lobbying; and rent-seeking as corruption. Profit-seeking is an activity when the owners of resources try to maximise the value of their utilities, or investors seek to maximise their income by engaging with the market through legitimate competition; the effect of such actions is socially desirable. The process could become more complicated when some individuals and groups try to influence the regulations to create favourable laws for rent-seeking - for instance, when you vote for an MP and in return he/she votes for the laws that will protect your interests. Such action is not usually related to ordinary citizens but rather to lobbying groups – i.e. when such groups obtain special favours of lawmakers at the expense of other groups. However, if the activity is a legitimate function within the state then while it might be unproductive, it is not necessarily corrupt. Interest groups may precipitate such activities legally by lobbying, and as long as the competition is open to all, it would be hard to classify it as corruption.

However, when such action is creaming off income or wealth by illegitimately exploiting some monopolistic advantage, it could be considered as corrupt rent-seeking. As noted in chapter 2, the terms 'corruption' and 'rent-seeking' have been used interchangeably, but it is wrong to assume that rent-seeking is necessarily corrupt. Rent-seeking is termed corruption when it arises from an 'artificially monopolistic situation'. However, the question remains

what constitutes an artificially monopolistic situation? As noted in chapter 5, the political process is used by groups who want to share in power and share in economic rent as well. Therefore, our definition of rent-seeking stems inextricably from the political process. Corruption through rent-seeking is a situation in which state power has been used through the political process to achieve an 'artificially monopolistic situation' or 'monopoly rent by artificial restriction'. This is because, in the absence of any independent basis for economic management, and characterised by the sectarian division of power between groups, rent allocation is inevitably *ad hoc* and arbitrary. Such arbitrariness often ends up in the artificial monopoly of rent-seeking by state and non-state actors.

My findings reveal that rent-seeking has been pursued by two types of actors. The first type comprises senior state actors who reached power through the *muhasassa* system, and used their legal authority to allocate to their supporters inflated salaries and expenses or other benefits, and junior bureaucrats who secure contracts for prequalified bidders. The second type comprises market actors, whose corrupt rent-seeking lies in preferential treatment through restrictions imposed by official decision-makers on competition for specific firms based on the political affiliation of the firms. Such preferential treatments enabled politically-connected companies to benefit from public rents and obtain privileged treatment because such firms are either directly owned by political parties or are influenced by political parties. Many of my interviewees did not deny the fact that political parties in power have considerable dominance over the sphere of the market.

Such rent-seeking has important costs and benefits. It is commonly believed that competition in the market will provide better resource allocation than monopoly does. Nevertheless, the Iraqi Kurdistan region progressed in some limited economic areas over the last decades while corruption flourished, though it could be argued that economic growth would have been even faster with fewer monopolistic practices by political parties. Creating monopolies by preferential treatment for some politically connected firms has resulted in the accumulation of considerble capital in the hands of a few firms. If such monopoly practices did not exist, the income distribution would be more equal. Another negative implication is that every faction scrambles to share existing rent rather than to expand it. It is usually thought that competition has a positive impact on creativity and increases learning by doing and that in a competitive market, individuals concentrate on using their time and skills to expand economic resources than to carve up existing resources. If this is true, then by interfering with the market to grant

privileges to enterprises that have political affiliations, there is a negative impact on the market economy's wealth-generating capacity. This, in turn, reduces economic efficiency.

The damaging implication of rent-seeking by state actors is not restricted to interference with free enterprises. Rent-seeking by senior officials entails exploiting a monopoly in allocating inflating salaries and personal expenses, which constitutes a huge economic drain on the system, with a significant impact on the redistribution of wealth and increased inequality. Rent-seeking by junior state actors (at the bureaucratic level), diverts government money to tasks other than the efficient allocation of public contracts. This politicisation of technical decision-making by subjecting the process of allocating public contracts to the *muhasassa* system over the last decade has resulted in substandard products being purchased. One case revealed that hundreds of Iraqi soldiers were killed during the battles with ISIS as a result of changing the bullet-proof flak jackets and helmets from high quality to low quality. The consequence of this kind of rent-seeking is not unequal redistribution but rather the misallocation of public funds.

8.2.2.3 Corruption protection

Due to the lack of a definition of corruption protection in the literature, I defined it in Iraq as the undermining of action being carried out to counter the primary forms of corruption of clientelism and rent-seeking. My research shows that the anti-corruption commissioners know how to fight corruption, but the sectional division of power has generated a system which serves to prevent them from taking against corrupt elites. What the findings indicate is that corruption in Iraq is so pervasive that it even penetrates the attempts to repress it. Indeed, behind the outward manifestations of (primary) corruption, their lies a web of corrupt networks which exist to protect the perpetrators of corruption from being brought to justice.

The system of corruption protection in Iraq has been analysed into two contrasting paths. One path is to use false accusations by politicians against commissioners or others who are involved in investigating corrupt bureaucrats. Such accusations result in spurious or fake charges being brought against rivals which sometimes lead to wrongful imprisonment of the innocent. To protect their bureaucrats from being brought to justice, senior officials falsely accuse non-corrupt people of being corrupt. The process of corruption protection here is action by senior officials to protect their own members or bureaucrats from prosecution.

On the other hand, due to the nature of the sectarian division of power between factions, corruption protection has been extended to protect not only their own members from prosecution but also the members of other factions who affiliated to the same sect or ethnic background, thereby forming a collusion of corruption extending to protect the entire elite in Iraq – the solidarity of corruption. Here, actors involved in such solidarity of corruption protection depend on others' expectations of behaviour - e.g. to what extent others turn blind eyes, and hush up or stop an investigation into the corrupt acts of my group, in return for which I stop investigating the corrupt acts of your group. Both forms of corruption protection undermine incentives to initiate any counter measures of anti-corruption.

These two modes of corruption protection have a devastating impact on the entire system of accountability and the legal or judicial system. They have helped corrupt elites to stay at the top with impunity, and the process of accountability has become a political power play between groups. Instead of holding state actors to account, the sectarian *muhasassa* system warps the accountability system in favour of incumbents, sometimes by a secret agreement between factions in power or at other times by intimidating members of institutions who are responsible for accountability.

8.2.3 What new insights into corruption can be learned from these three forms of corruption?

This research into the three forms of corruption in Iraq has made two fundamental and explicit contributions to the literature.

First, the study has discovered new angles about how rent-seeking and clientelism work in the context of Iraq, revealing how both of them show particularistic advantages for those involved in such corruption, and it has also found a new form of corruption (corruption protection). Second, the research has identified a common element in all three forms of corruption, namely that special sectional interests have been preserved by enrichment at the public expense, sometimes by staying within the institutional and legal framework, and sometimes by circumventing this framework. This made us modify the original preliminary concept of corruption from misuse of official power for private benefit into misuse of official power for sectional benefit.

8.3 Wider implications of this study

This section makes two points. First, Iraqi corruption might have some unique features. In the discussion chapter, this study has identified that the forms of corruption in Iraq compared to other oil-rich countries are more fragmented based on *muhasassa*. Empirically, the study shows corruption was not confined to individual cases but also includes groups on a large-scale. The primary conduit for fostering such forms of corruption in Iraq is the *muhasassa* system which plays a part in all three forms of corruption. Indeed, all three forms of corruption are driven less/more by *muhasassa*. This feature indicates that Iraqi corruption has its own particular political landscape, since no other oil-rich state has a *muhasassa* system.

Second, however, this is not necessarily to say that the experience of corruption in Iraq cannot be generalised. The case of corruption in Iraq may be representative of post-conflict oil-rich countries in general, especially if they are unstable states in which power is divided across ethnic and religious lines. For example, Libya after Gazafi.

8.4 Suggestions for further research:

I propose that further research could be carried out on ways to end corruption in Iraq. My research has shown that corruption in Iraq is a political problem – i.e. a problem embedded deep in the political system rather than a problem with rogue individuals. Piecemeal steps such as anti-corruption bodies cannot succeed because they are quickly absorbed into the net of corruption. However, radical change requires political will and a widespread consensus across the sectarian spectrum in favour of reform, and there is no sign of that in Iraq at present because there are too many groups with vested interests in maintaining the current set up. Given this situation, further research should be done on ways of raising national awareness of the danger of corruption in both the short-term and the long-term in the whole country. Research could examine whether, and how, by demonstrating the damaging effects of corruption, people could exert pressure on political leaders to eliminate the (*muhasassa)* system.

Although such research may seem fruitless, it is worth bearing in mind that the East Asian mega cities of Hong Kong and Singapore experienced massive corruption in the 1970s, but now they are relatively clean governments. Moreover, recently there have been some encouraging signs of reform of the *muhasassa* system in Iraq. For example, on 9 August 2015,

the current Prime Minister of Iraq, Haider al-Abadi, announced a series of sweeping reforms, including removing a number of ranks in the government who took their posts based on *muhasassa,* shared between various political groups in Iraq. In his first initiatives, he removed three of his vice prime ministers from Kurds, Shia and Sunni, three vice presidents of Iraq from Shia, Sunni and Kurds, and many vice-ministers and General Directors and advisers who took their post through the *muhasassa* system. These reforms were based on the principle that administration should not be politicised based on the sectarian appointments *muhasassa* between various groups in power. Significantly, Abadi's reforms came after mass demonstrations over shortages of water and electricity and lack of public delivery services, and were welcomed by most Iraqis.

However, the results of such recent action against some aspects of the *muhasassa* system has not yet had any significant impact on the level of corruption. The scale and the forms of corruption that have plagued Iraq over the last decade cannot be removed by a simple anti-corruption 'toolkit'. Corruption is too complex and deep-rooted for such a simplistic solution. The current reform movement, which includes punishment of minor offenders, is too timid in targeting corrupt practices: as a commissioner noted, it is "*designed for small fish but not the big one*". The targeted programme often aims at a particular kind of perpetrator at the individual level. There is nothing wrong with this plan but much less attention is given to the systemic corruption in a country like Iraq in which *muhasassa* has shaped the whole political and economic order, spawning clientelism, rent-seeking and corruption protection. A better approach would be to study the reform experiences of successful anti-corruption programmes societies such as Hong Kong, and concentrate on big push reforms which involve all the main political, economic and social institutions (see for e.g Klitgaard, 1988; Root, 1996; Persson, Rothstein, & Teorell, 2013). An Iraqi commissioner claimed that "*Iraq needs reform in every aspect of political and economic spheres, because it is hardly ever find institution free from corruption*". Thus, research needs to be carried out to see whether other states' experiences of reducing corruption could be applied to Iraq.

8.5 Final reflections on what can be learnt from Iraqi corruption

I have four final reflections on what can be learnt from this research into Iraqi corruption.

1. Anti-corruption measures may be effective in many contexts but may be irrelevant or become a further source of harmful political power play in other contexts. Arguably,

in Iraq post-2003, establishing many anti-corruption institutions has made "*corruption worse than ever before*" (A former MP from Sunni background said that). If we look at corruption in Iraq, it is not only about corruption itself but also about the institutions that have been designed for improving integrity. As an Iraqi high commissioner said, "*the Commission of the Integrity needs integrity*". The fact is that reform through anti-corruption institutions can make corruption worse because it creates a more devastating form of corruption, 'corruption protection'. This is a sobering lesson.

2. Corruption will not be eliminated until and unless social attitudes change and the opportunities for corruption are reduced. Reforms in many advanced societies focus on changing anti-corruption attitudes combined with long-term democratic and economic development processes resulting in removing the conditions under which corruption thrives by empowering individuals and civil society. In other words, reform in such communities is carried out by a combination of anti-corruption legal moves and improved cultural values and notions of fairness and legitimate processes of the political landscape. Thus, society is not neglected in the process of reforms. So to deal with systemic sectarian corruption in Iraq, resources should be deployed to prepare individuals and mobilise the interest and the energy of the society. This is essential if society is to become willing to abandon its attachment to sectarianism with consequent social divisions and political fragmentation. So long as Iraqi society is captured through clientelism, or fragmented by exploitation of its ethnic and religious affiliations, reform is impossible.

3. Attempts to root out corruption in the economic sphere may be relatively easy in democratic states which have the rule of law and principles of transparency that enjoy general public support. But when economic corruption is sectarian, partisan, and organised, it is much harder to combat. As an MP from Kurdistan region said: "*in Iraq, we are going from individual corrupt conduct to a very organised corruption*". Such economic corruption is institutionalised and normalised: not a just minor problem but a fundamental attack on the integrity of the market system. Moreover, these monopolistic practices impact not only on the quality of the market system but also on the quality of democracy. Voters, commissioners and prosecutors or judicial actors are not able to speak about political leaders' economic corruption, let alone punish them, because the political leaders legalise their own abuse.

4. Reform will be hard and probably bloody. Many well-connected elites are entrenched in the political system and cannot be readily removed, because, as a Kurdish MP from Iraqi parliament said: "*if they disagree upon everything but they all agree upon corruption*". Attempts to dislodge the elite from their secure positions could result in bloodshed, so it is hard to calculate whether or not the cost of reform would outweigh the benefit.

8.6 Recommendations for policy makers

Based on the above reflections, I would argue that feasible approaches to tackling the problem of corruption in Iraq should focus on the specific aspects of reforms that reduce incentives for corruption, but not everywhere at once. According to Johnston (2014) reforms in post-conflict societies should be selective. He states that "…it is important to start small by doing few things well […] choosing a few strategic functions provides clear targets for resource, and for administrative and institutional improvements – much more so than pledging to fight all corruption, and associated pathologies, everywhere at once" (p.63-64). So my recommendations for policy-makers are as follows:

First, *financial disclosure* is one important recommendation. The anti-corruption bodies should concentrate on elite's disclosure of their financial and property holdings before they take any other steps. Audit forms can be designed to figure out who owns what, including money and properties, and also who are the real names behind the big firms. This is crucially important to discover the extent of the political colonisation of the economy. Such financial disclosure would be even more effective if it is published for further scrutiny by the press and civil society. This strategy is a familiar measure in many countries, and if applied to Iraq it would bring secret political and economic gains out from behind doors, and give both commissioners and civil society more freedom to exercise scrutiny. The process of financial disclosure would have a major impact on elections, hopefully resulting in replacing corrupt political leaders in power by clean politicians, and this would eventually change the elite's behaviour.

Second, a *political settlement* could be reached relatively quickly. This research suggests that although we have to be cautious in expecting that elections in Iraq will foster genuine democratisation, nevertheless, an interim *political settlement* could be built relatively quickly and then become a centrepiece for future reforms plans based on social support from many

Iraqis. Such a political settlement could entail setting up an intermediatory body to negotiate a form of reconciliation between groups in Iraq, persuading them to give up the *muhasassa* system as a precondition for any viable reform. But we have to acknowledge that this will be a slow process - corruption cannot be ended at an early stage. Major changes can only be achieved when groups are reconciled to end the *muhasassa*. Nevertheless, in the meantime, such a political settlement could help to shift current corruption towards less disruptive forms.

Third, *temporary tolerance* could be allowed for some corrupt deals. Temporary tolerance was suggested and practised in Hong Kong (David, 2010). It is a means of cushioning the impact of anti-corruption measures, enabling elites to feel secure and therefore encouraging them to engage in reforms. By tolerating elites, for the time being, they could be persuaded to make a written promise/pledge to the courts that they will never be involved again in corruption. On the vexed question of who can be offered temporary tolerance and who cannot, I argue that temporary tolerance should be extended to all for the time being, while slowly all files of corruption are investigated.

Fourth, *fresh thinking* is vital. I would argue that no single measure, such as anti-corruption institutions or the reform of the judicial system, will deliver the necessary reforms. Moreover, further liberalisation of the economy may make corruption worse in the absence of strong checks and balances, and full democratisation may be impossible to achieve in the near future. So efforts need to be made to stimulate *fresh thinking* about the possibilities available to open up space for civic activities where social pressure can be strengthened. However, building civil society will be a gradual process, with many obstacles in its way. For example, members of civil society currently do not have much political clout, so they would not be able to disclose the corruption of elites, because if they did, their lives would be at risk. Individuals must be realistic about what reforms can and cannot be accomplished, and about the citizen's responsibilities for making the reformed system work. A stronger civil society must be sustained, and this means more effective social and individual energy. So the main hope for Iraqi reform stems from the empowerment of civil society rather than waiting for elites to change and state anti-corruption laws to take effect.

Fifth, *individual agency* is the key to the empowerment of civil society. If civil society is to be empowered, individual agency is the key to achieve it. My conclusion is that in the end, reform can only come from individuals themselves and revolves around enabling them to defend their rights. I support my argument by referring to the verse of the Holy Qur'an that

"*Verily never will Allah* [God] *change the condition of a people until they change what is in themselves*". (Qur'an 13: 11) This may be a long and painful process as it has been in most developed countries, many of which have only been cleaned of corruption by dint of persistent and self-sacrificing action undertaken by individuals and groups on behalf of the community. For example, if we look at the process whereby England built an accountable government, it was not achieved quickly or painlessly, but by blood feuds between crown and parliament over the power to impose taxes (Jonston, 2005). As an MP in Kurdistan parliament said, "*we need first society to be aware, who comes first? Is good governance or good society?*" Ultimately, I would argue that institutional changes such as establishing democratic election systems and building transparency are valuable in curbing corruption, but enabling citizens and civil society to pursue and defend their interests against corruption is more important.

Appendices

Appendix A

A letter of invitation and participation information sheet for both interviews and focus group

Newcastle University

School of Geography, Politics and Sociology
5th Floor, Claremont Bridge Building
Newcastle upon Tyne, UK
NE1 7RU

A. The Participant Information Sheet for focus group

Natural resources management and the quality of its governance in Iraq

The Main Researcher's Contact Details:

Sarwar Abdullah

PhD student, Newcastle University

s.abdullah@ncl.ac.uk

School of Geography, Politics and Sociology
Newcastle University
5th Floor, Claremont Bridge Building
Newcastle upon Tyne, UK
NE1 7RU

Sponsoring Institution: Ministry of Higher Education in Kurdistan Regional Government-Iraq

Research Project Title:

The governance of oil resources in Iraq

Invitation paragraph

My name is Sarwar Abdullah, and I am a PhD student in Politics at Newcastle University in the United Kingdom, in the School of Geography, Politics and Sociology. I would like to invite you to take part in my research project. This research will involve your participation in a focus group discussion that will take between 1 and 2 hours. Before you decide whether to take part,

it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Ask me if there is anything that is not clear or if you would like more information. Thank you for your time.

What is the purpose of the research?

The main aim of this study is to address the problem of ensuring good governance of natural resources in Iraq. Why does Iraq, with its abundance of natural resources seem to manage those resources so poorly? One answer might be that natural resource decision-making is damaged by ethno-religious fragmentation. Alternatively, the answer might be lack of quality in the political institutions of Iraq. Or is it the deficiency of social capital – i.e., cultural norms of behaviour that respect rules of fairness and justice? This study will try to answer these and other questions to get to the root of the problem of poor standards of governance in one sector of natural resource management - the oil industry. It is hoped that the discussions that are to be conducted will enable this dissertation to identify some of the obstacles that stand in the way of good governance in the oil industry, and thereby improve its contribution to Iraq's economy as well as filling a gap in the literature.

My research focuses on the following questions about the oil resources management in Iraq:

How are decisions made about oil resources management in Iraq?

To what extent do ethnic and/or religious divisions have an adverse impact on oil resources management?

Do poor quality political institutions damage oil resources management in Iraq?

Is there a lack of social capital in Iraq that undermines equitable practices in Iraq's oil resources management?

Who can take part?

I am approaching people who have been active in natural resources management in Iraq, either as NGOs or journalists or members of parliament or employees in relevant government agencies. I am interested in the views and experiences of anyone who is interested in what is happening in the current management of oil income or has been happening since 2003.

What would be involved?

I would like you to take part in a focus group discussion. I will invite 6-8 people whom you might know already to join the group to discuss your views about the root of the problem of standards of governance in one sector of natural resource management. The focus group will last between 1 and 2 hours and will be audiotaped so that I have a record of what was said. If you participate in the focus group, you can request that the recording be paused at any time. And you may choose how much or how little you want to speak during the group. Further, if

you are not happy with being audiotaped, you can ask me to ignore your contribution. This discussion will take place at a location of your choice (likely in hall in a Hotel). If you are unhappy with the choice of hall in a Hotel as a location for the discussion, it will be conducted elsewhere.

Do I have to take part?

It is up to you to decide whether or not to take part in this group discussion. If you do decide to take part, you will be given this information sheet to keep (and be asked to sign a consent form) but you can still withdraw at any time without it affecting any benefits that you are entitled to in any way. You do not have to give a reason. You also have the right to allow or disallow further use of any information you may have provided during the discussion. Finally, you can withdraw from the study at any time without giving a reason, by notification to me via email or phone.

What will I do with the information?

I will transcribe the focus group discussion and if you are interested I will give you a copy of the transcript. The transcript will only be read and used by me and not be used for any other purpose. The information from these discussions will be the basis of my PhD thesis which will be assessed in order for me to gain the PhD degree. The transcripts might also be used to write and publish articles in academic journals. You are welcome to see the final thesis and/ or a copy of the articles before they are published

Will data in this study be kept confidential?

Yes, the information you will share with us if you participate in this group discussion will be kept completely confidential to the full extent of the law. Participants will be asked not to use any names during the focus group discussion. Reports of study findings will not include any identifying information. Audio-recordings of the focus groups will be kept on a password-protected computer in my locked office. After the focus group recording is typed, the recording will be destroyed. The typed transcription will be kept on the password-protected computer and any printed copies will be kept in a locked file cabinet in my locked office. Further, all voice recorders will have been transferred onto my computer and will be protected by a safely encrypted password. I will compress all files and add passwords to the compressed folder or zip file. For data stored or recorded on tapes, CDs, or DVDs, the storage devices will eventually (after the research has been completed) be destroyed either physically destroyed or by degaussing, tape cartridge destruction, or tape reuse. Only my supervisors and I will be able to listen to the recording or read the typed version of the recording.

Will everything you say to me be kept private?

I will ask everyone attending the focus group to keep everything that was said during the discussion confidential. You can say as little or as much as you wish. The transcript will be kept in a secure place. In the transcript the names of yourself and all the other participants as

well as those people who you mention will be changed so you will not be identifiable.
What if you change your mind about taking part?

If you decide to take part then this is your voluntary decision, therefore you are also free to withdraw from the study at any point you wish, without giving a reason.

How can I file a complaint?

Any complaints with regards to this project can be channelled through the supervisory team made up of: Prof Tim Gray and Dr. Emily Clough of Newcastle University. You may contact them as follows:

Prof Tim Gray contact:	Dr Emily Clough contact:
Email: tim.gray@ncl.ac.uk	Email: emily.clough@ncl.ac.uk
Telephone: +44 (0) 191 208 7528	Telephone: +44 (0) 191 208
Fax: +44 (0) 191 222 5069	Address: School of Geography, Politics and Sociology
Address: School of Geography, Politics and Sociology	
	Newcastle University
Newcastle University	Politics Building
Politics Building	
	40-42 Great North Road,
40-42 Great North Road,	Newcastle upon Tyne, UK
Newcastle upon Tyne, UK	NE1 7RU
NE1 7RU	

Newcastle University

School of Geography, Politics and Sociology
5th Floor, Claremont Bridge Building
Newcastle upon Tyne, UK
NE1 7RU

B. the Participant Information Sheet for key informant (KI) interviews

Natural resources management and the quality of its governance in Iraq

The Main Researcher's Contact Details:

Sarwar Abdullah

PhD student, Newcastle University

s.abdullah@ncl.ac.uk

School of Geography, Politics and Sociology
Newcastle University
5th Floor, Claremont Bridge Building
Newcastle upon Tyne, UK
NE1 7RU

Sponsoring Institution: Ministry of Higher Education in Kurdistan Regional Government-Iraq

Research Project Title:

The governance of oil resources in Iraq

Invitation paragraph

My name is Sarwar Abdullah, and I am a PhD student in Politics at Newcastle University in the United Kingdom, in the School of Geography, Politics and Sociology. I would like to invite you to take part in my research project. This research will involve your participation in an interview that will take between 30 and 60 minutes. Before you decide whether to take part, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Ask me if there is anything that is not clear or if you would like more information. Thank you for your time.

What is the purpose of the research?

The main aim of this study is to address the problem of ensuring good governance of natural resources in Iraq. Why does Iraq, with its abundance of natural resources seem to manage those resources so poorly? One answer might be that natural resource decision-making is damaged by ethno-religious fragmentation. Alternatively, the answer might be lack of quality in the political institutions of Iraq. Or is it the deficiency of social capital – i.e., cultural norms of behaviour that respect rules of fairness and justice? This study will try to answer these and other questions to get to the root of the problem of poor standards of governance in one sector of natural resource management - the oil industry. It is hoped that the interviews that are to be conducted will enable this dissertation to identify some of the obstacles that stand in the way of good governance in the oil industry, and thereby improve its contribution to Iraq's economy as well as filling a gap in the literature.

My research focuses on the following questions about oil resources management in Iraq:

How are decisions made about oil resources management in Iraq?

To what extent do ethnic and/or religious divisions have an adverse impact on oil resources management?

Do poor quality political institutions damage oil resources management in Iraq?

Is there a lack of social capital in Iraq that undermines equitable practices in Iraq's oil resources management?

Do I have to take part?

It is up to you to decide whether or not to take part. If you do decide to take part, you will be given this information sheet to keep (and be asked to sign a consent form) but you can still withdraw at any time without it affecting any benefits that you are entitled to in any way. You do not have to give a reason. You also have the right to allow or disallow further use of any information you may have already provided at any time. Finally, you can withdraw from the study at any time without giving a reason, by notification to me via email or phone.

What will happen to me if I take part?

This research will involve your participation in an interview that will take between 30 and 60 minutes. This interview will usually take place at a location of your choice (likely in your office). If you are unhappy with the choice of your office as a location for the interview, it will be conducted elsewhere.

Will data in this study be kept confidential?

Yes, information contained in the interviews will not be disclosed to anyone except my supervisors. All the information that is provided by interviewees during the research will be anonymised by being given a code. Any identifiers in responses will be removed before data is analysed and published. The information linking your identity to your interview will be stored separately from all data (that is my field diaries, field notes and transcripts of recorded interviews) generated. When the study ends, a copy of the primary dataset will be kept secure.

This will be achieved by encrypting any identifiable or identifying data, removing face sheets containing all identifiers (e.g., names and addresses in my file notebook), securely storing data documents within locked locations; and assigning security codes to computerized records as soon as interviews end. To ensure optimum protection of accuracy of participants' words, as well as their confidentiality, all interviews will be transcribed and field notes will be typed or written up on the same day. Further, all voice recordings will have been transferred onto my computer and will be safely protected by a safely encrypted password. I will compress all files and add passwords to the compressed folder or zip file. For data stored on recorded on tapes, CDs, or DVDs, the storage devices will eventually (after the research has been completed) be destroyed either physically destroyed or by degaussing, tape cartridge destruction, or tape reuse.

How will the data be used?

Data gathered will be used to address the aim of the study, stated above. The data may be published in academic journals in the future. However, to ensure maximum confidentiality and security your identity will be anonymised. The computer used to store data will be secure.

How can I file a complaint?

Any complaints with regards to this project can be channelled through the supervisory team made up of: Prof Tim Gray and Dr. Emily Clough of Newcastle University. You may contact them as follows:

Prof Tim Gray contact:	Dr Emily Clough contact:
Email: tim.gray@ncl.ac.uk	Email: emily.clough@ncl.ac.uk
Telephone: +44 (0) 191 208 7528	Telephone: +44 (0) 191 208 6737
Address: School of Geography, Politics and Sociology	Address: School of Geography, Politics and Sociology
	Newcastle University
Newcastle University	Politics Building
Politics Building	
	40-42 Great North Road,
	Newcastle upon Tyne, UK
40-42 Great North Road,	NE1 7RU
Newcastle upon Tyne, UK	
NE1 7RU	

Appendix B

List of questions for both interviews and focus groups

Questions to be asked at key informant (KI) interviews

1. What do you consider to be the greatest challenges in relation to oil management for Iraq?
2. How are major decisions made in the oil sector? Are there only one, two people (or more) mainly responsible for making these high-level decisions? If so, why is that?
3. Please comment on the bidding processes in your organization. Are there any issues arising from this?
4. Do you believe there are any issues arising concerning the accuracy of information offered by the oil industry over the last 10 years? If there are such issues can you elaborate and give some detail?
5. Are you of the view that firms operating in the Iraqi oil industry have challenges relating to non-transparent business practices, dubious payments and questionable exchanges of money? If yes, how and why?
6. From your experience of the oil sector, how closely tied are the actions of the oil money to the political arena? Are there linkages and if so, how do they work?
7. In distributing of oil revenue, to what extend do you think that oil money has been influenced by political parties or ethnic or religious factors?

8. If so, what are the drivers of this and what mechanism were used?
9. Do you think oil wealth in Iraq has become a politically sensitive issue for various factions and groups in Iraq? If so, in what ways?
10. Are there any external influences such as Public Integrity Commissions or Public Auditing exerted on the oil industry? If so, which area is the most influenced, in what way?
11. Have you heard of an employee in the oil industry being dismissed or sanctioned for misconduct?
12. Can you think of any measures which may lead to better management of the oil revenues for further economic development? Why?

Questions to be asked at focus groups members
1. What do you consider to be the greatest challenges in relation to oil management for Iraq?
2. How are major decisions made in the oil sector?
3. Do you believe there are any issues arising concerning the accuracy of information offered by the oil industry over the last 10 years? If there are such issues can you elaborate and give some detail?
4. In distributing of oil revenue, to what extend do you think that oil money has been influenced by political parties or ethnic or religious factors?
5. If so, what are the drivers of this and what mechanism were used?
6. From your experience of the oil sector, how closely tied are the actions of the oil money to the political arena? Are there linkages and if so, how do they work?
7. Are there any external influences such as Public Integrity Commissions or Public Auditing exerted on the oil industry? If so, which area is the most influenced, in what way?
8. Can you think of any measures which may lead to better management of the oil revenues for further economic development? Why?

Appendix C

Consent form for both KI interviews and focus group:

I, the undersigned, confirm that (please tick box as appropriate)

1.	I have read and understood the information about the project, as provided in the Information Sheet dated.	☐
2.	I have been given the opportunity to ask questions about the project and my participation.	☐
3.	I voluntarily agree to participate in the focus group. There will be no costs for participating in the group discussion. Also, participants will not be paid to participate in this research project. However, complimentary refreshments will be available to you during the focus group time.	☐
4.	I understand I can withdraw at any time without giving reasons and that I will not be penalised for withdrawing nor will I be questioned on why I have withdrawn.	☐
5.	The procedures regarding confidentiality have been clearly explained (e.g. use of names, pseudonyms, anonymisation of data, etc.) to me.	☐
6.	I understand that the focus group will be audio-recorded in order to accurately capture what is said. If I participate in the study, I understand that I many request that the recording be paused at any time. I can choose how much or how little I want to speak during the group. I may also choose to leave the focus group at any time.	☐
7.	The use of the data in research, publications, sharing and archiving has been explained to me.	☐
8.	I understand that other researchers will have access to this data only if they agree to preserve the confidentiality of the data and if they agree to the terms I have specified in this form.	☐
9.	The information that I will share with others if I participate in this study will be kept completely confidential to the full extent of the law. Participants will be asked not to use any names during the focus group discussion.	
10.	Select only **one** of the following: • I would like my name used and understand what I have said or written as part of this study will be used in reports, publications and other research outputs so that anything I have contributed to this project can be recognised.	☐
	• I do not want my name used in this project.	☐
10.	I, along with the Researcher, agree to sign and date this informed consent form.	☐

Participant:

Name of Participant	Signature	Date

Researcher:

Name of Researcher	Signature	Date

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