

## **Corruption in Post-Conflict Environments**

### **An Iraqi Case Study**

By Jeffrey Coonjohn<sup>1</sup>

Corruption in Iraq is the single largest factor undermining the credibility of the Iraqi government and the second most important factor threatening Iraq's national security. To date, corruption has developed unabated to a point where virtually every individual or company is making some form of payment to facilitate services that should be part of normal governmental administration. Foreigners make "facilitation payments" for visas, registrations, licenses, etc., while Iraqis are forced to the black market for basic needs such as health care, electricity and education. In addition to the administrative corruption that persists at all levels of government, corruption in the form of contract fraud, embezzlement and black market oil have also siphoned tens of billions of dollars from the Iraqi government and have financed a multitude of nefarious activities around the world. Assigning blame for this situation is almost counter-productive at this stage. What is important, however, is understanding the modalities of corruption so that processes can be developed to counter this insidious scourge that is responsible for retarding economic development and stymies Iraq's entry into the international business community as an equal player.

A study of the empirical evidence from Nazi concentration camps to post-war Iraq demonstrates that there is a concatenation of circumstance under which corruption

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thrives in post-conflict environments. It is these circumstances that must be identified to facilitate early intervention to stem the flow of corruption and provide valuable resources to needy populations.

The future of Iraq in relation to anti-corruption is problematic: government ministries are Balkanized into sectarian and political divisions and subdivisions, all vying for sweet-heart contracts, kick-backs and other forms of fraud that will bring money to the sect, its political party or its individual leaders. This is not a recent phenomenon but has been developing since the Coalition invasion of 2003.<sup>λ</sup>

### *Corruption and Political Parties*

During the first six years of the Iraq conflict, sectarian and political parties collected and spent massive amounts of money. A combination of record oil prices and unprecedented international spending in Iraq allowed these parties to expand tremendously. Some of this income was from legal sources, but a vast majority of it resulted from corruption and black market (not just oil, but medical supplies, commodities and even electricity).

As a consequence of the influx of cash, the organizational structures of these political parties grew proportionately larger. The greater the income, the more the party grew. The more the party grew, the greater its political success. The greater its political success, the greater the party's demand for money to support its organizational structure. As a result of this vicious cycle, the parties' emphasis turned toward maximizing income. To maximize income, there was furious political competition to control important positions—both positions that would bring income as well as positions that would protect their income sources (i.e. co-opted government officials).<sup>λ</sup>

The United States had taken some precaution against this cronyism by training a small but powerful cadre of Iraqi professionals at the Near East South Asia Center for Strategic Studies (NESA). These trained independent professionals had been groomed for specific key positions in security, defense and intelligence. However, the cadre of less than 100 people soon found themselves over wrought. Under intense political pressure, the NESA professionals were forced to capitulate to the political parties or face expulsion, persecution or even death. One study by the U.S. Army found that by 2007 only 30% were still working effectively; by 2010 this was estimated to have fallen to less than 10% and most of those had been politically neutered. To survive, the NESA professionals either became political cronies or were replaced with political cronies (if they were lucky). Nearly a third of them suffered assassination or assassination attempts. Eventually, the sheer size of the government rendered the remaining professionals statistically insignificant. As a consequence, in present day Iraq, a vast majority of all government contracts have some element of corruption in their procurement, processes or payment. <sup>^</sup>

As a result of the opportunity for illicit income from corruption, there was and continues to be a frenzied competition by all political parties to acquire key positions in order to maximize income. Simply put, there is extreme pressure to maximize corruption for institutionalized financial purposes. The organizational structure and operations of the major political parties have grown so dependent upon the income from corruption, that corruption is now necessary to sustain the political status quo in Iraq.

The atmosphere of institutionalized corruption also spawns independent actors at lower levels that permeate all social strata. As a consequence, the cost of corruption on the poor is continuing to mount and will eventually overcome their ability to pay. The result will be continued civil unrest, focused on the

government, which will likely be exploited for political purposes by outside elements, resulting in the collapse of the current government.

## **Foundations for Corruption in Iraq**

The complexity of the situation in Iraq cannot be overstated. While the political factors affecting systematic corruption in Iraq are over-arching and pose the greatest risk to stability, other factors are challenging the moral fabric of society. None of these are conducive to simple, short-term solutions; however, each of these should be explored before developing a strategic implementation strategy. In Iraq, like many post-conflict environments, the factors affecting corruption include: 1-socio-religious factors; 2-psychosocial factors; and, 3-economic factors.

### *Socio-Religious Factors*

Researching the causes of corruption in a predominately Islamic country necessarily leads to an examination of religious influences. The examination of such influences in Iraq are unique, to say the least. As the internationally respected sociologist Ali al-Wardi observed in his book “The Sultan’s Preachers,” the conflict between religious values and social values among Iraqis has resulted in a “dual personality.” The social values of Iraqis developed over thousands of years from a Bedouin culture which respects and admires pride, power and heritage. A strong, unforgiving Sultan who demands respect is admired for his wealth and power, no matter how it was accumulated. In Bedouin culture there is no social judgment on the accumulation of wealth, only on the fact that it has been accumulated. These Bedouin social values help explain the admiration of Saddam Hussein, even by those who despised him.

Superimposed on the Machiavellian morality of Bedouin culture is the idealism of Islam; a religion of submission, piety and justice. No two greater contradictions could equally co-exist within the same culture. Nor can they exist without conflict and consequence. From a political perspective and as a society, the Iraqis admire and reward Bedouin social behavior, referring to it as “*saba’a*,” meaning lionhearted. A person demonstrates and is socially admired for *saba’a* when he takes a daring risk in order to acquire wealth or power. Ironically, there is no religious or social judgment on the acts themselves. For example, if a man steals a knickknack from a shopkeeper, he is looked upon with disdain because there is no daring to his act and is castigated as a common criminal. However, if there is some element of risk to his act, then he is *saba’a*.

Some years ago, a burglar broke-in to a home while a wealthy husband and wife slept in their bed. It was known that the husband was well armed and was a notably good shot. Notwithstanding these risks, the burglar stole into their bedroom and removed a gold necklace from the sleeping woman. But during his attempt to remove her gold bracelet, she awoke. Upon waking, the husband reached for his gun and as the burglar was making his get-away, the husband fired and killed the burglar with one shot to the back. As a result of this incident, the husband was forced to pay the burglar’s family substantial blood money for cowardly shooting the man in the back. More interestingly, the dead burglar was lauded for his daring and was, in fact, *saba’a*.

This admiration for daring acts of criminality is not confined to Arab cultures. The same phenomena exists in Kenya, for example, with the concept of *mdosi*, which has a similar meaning to *saba’a*. While Iraqi society admires and rewards Bedouin social behavior, it also demands adherence (at least in form) to the edicts of Islam. It is this contradiction or “dual personality” that allows Iraqi corruption to be

publically castigated and admired simultaneously. As a result, the scourge of corruption receives lip service on Friday yet the payments are still due on Sunday. *Saba'a* provides some explanation for the indulgence Iraqis seem to have for corrupt politicians and officials. Civil unrest is not customarily a result of abhorrence to corruption but to its economic impacts.

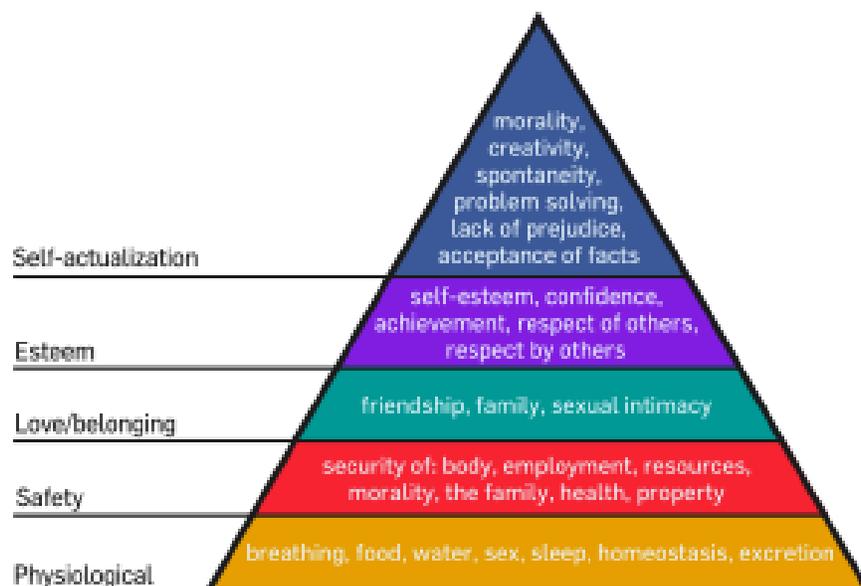
### *Psycho-Social Factors*

The social factors implicated in Iraqi corruption extend beyond the conflict of Islam with Bedouin cultural heritage. The psycho-social factors implicated in the fight for basic human needs also contribute heavily to administrative corruption. This is simply an overlay of corruption onto Maslow's Hierarchy of Needs.

Immediately following the fall of Baghdad, the future was filled with hope. Baghdad fell on April 9, 2003, twenty-three years to the day since Saddam had executed the revered and honored Grand Ayatollah Baqr al-Sadr, founder of the Dawa Party. There is a popular belief that on the day of his execution, Baqr al-Sadr told Saddam Hussein: "I pray to Allah that you will live a long life until someone will come and avenge you." Consequently, many Shia, especially the uneducated, believed that the 2003 fall of Baghdad was the revenge of Baqr al-Sadr. The Coalition was perceived as a divine force pre-ordained by Allah to avenge the unjust execution.

Unfortunately, this dream did not last long. Precise military planning and near flawless execution gave way to ill-conceived civil rule that eventually disintegrated into chaos. In June 2004, the American-led Coalition turned the reigns of government over to a hodge-podge of individuals with no strong leader—in contrast to the admired sultan of Bedouin heritage. The lack of an effective government resulted in an explosion of armed groups that began attacking civilians

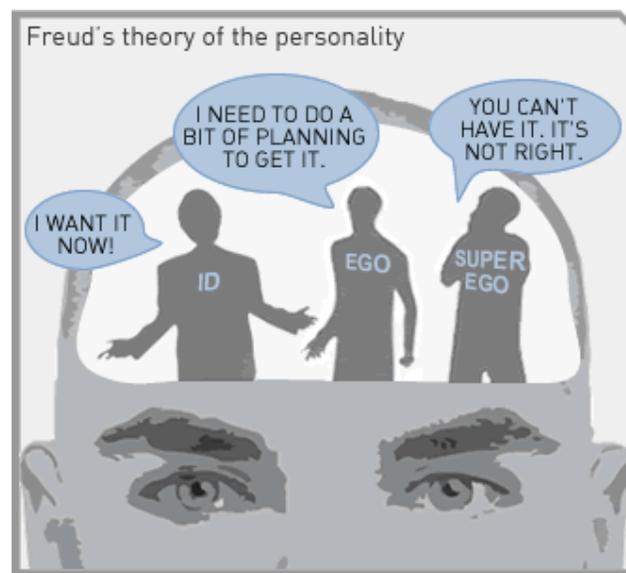
with impunity. Beginning in 2004 and reaching a crescendo in 2007, there were more than one-million civilian casualties in Iraq. Every day, scores of bombs, bullets, rockets and mortars would pound neighborhoods and markets. While the civilian casualties were militarily inconsequential, what occurred was socially important. Everything from medicine to electricity could only be found on the black market despite billions in international donations. A growing percentage of the population could not provide for their basic needs and safety was a concern for everyone from the Prime Minister to the orphan children. As a consequence, an almost divine belief in the future eroded into near utter hopelessness in just two short years. This loss of faith in the future carried significant social consequences. From a psychological perspective, Iraqis experienced such grievous threats to their survival and well being that it elicited a primal response. Individual acts focused on obtaining basic personal needs such as food, water and safety. Inversely, this focus on personal needs resulted in a weakening (almost disappearance) of social conscience. Corruption, for those that had means and opportunity became a way of strengthening the individual situation by providing for their basic needs.



This is not the first time this social phenomenon has occurred. Following the Second World War, several studies were published on Nazi-concentration camp inmate behavior. The most famous, Bruno Bettelheim's 1943 treatise "Individual and Mass Behavior in Extreme Situations," became mandatory reading for U.S. military officers during World War II. Others, such as Viktor Frankl and Elie Aron Cohen, published more academic treatises. In all cases, the same phenomenon was observed. For example, according to Cohen, concentration camp prisoners:

"...had no strong leader with which they could identify and were in a situation in which their sense of identity gave way to primal need for sustenance. Thus they experienced a strengthening of the ego, or sense of their own needs, which resulted in a weakening of the superego."

According to Sigmund Freud, the superego is the higher part of the mind that gives a person a sense of right and wrong, and of what is acceptable and what is not. The superego contains the moral standards and ideals that we acquire from both parents and society--our sense of right and wrong.



The staggering loss of hope among the general population from 2004 to 2006 created a situation where, in addition to the other factors contributing to corruption, individuals provided for their personal needs with little regard for right and wrong or other socially acceptable behaviors. In Iraq, this was perhaps easier because of the widespread perception that all officialdom was corrupt. Therefore, corruption lost any social stigma. This perception, coupled with Bedouin social influences, lead to a huge spike in administrative corruption. In post-conflict environments like Iraq, where there is extreme uncertainty in the future, there is a natural strengthening of the ego and a corresponding diminution in the adherence to social mores. This psycho-social phenomenon contributes to corruption at all levels but especially at operational levels where money is actually exchanged.

### *Economic Factors*

Wherever there is money, there is corruption. While the industrialized countries of the West have moved toward a cashless society, virtually all functions of the Iraqi economy including government payroll and contract payments are paid in cash. Although a nascent banking system is beginning to emerge, the lack of a credible national banking system in Iraq *is the single largest economic factor contributing to corruption*. Transparency International has correctly identified financial corruption as a “substantial threat to a sustainable economic future.” Nowhere is this truer than in Iraq. In this war-torn nation, corruption from the widespread use of cash is obvious.

Less obvious is the exploitation of the nascent banking system by sophisticated and experienced charlatans holding themselves out as banking magnates. This is equally applicable to the developing charge-card industry. While there are reputable banking experts in Iraq, their work is complicated by unsavory elements

within the financial community. These banking hustles not only launder money for disreputable elements but are also building a banking house of straw. Such exploitation will eventually result in massive banking losses similar to that experienced by Jordan in 1989; but unlike Jordan, Iraq cannot withstand the economic typhoon that will blow across the country if this corruption continues unabated.

Finally, and perhaps most importantly, the cost of corruption for Iraq's poor has continued to mount. Corruption has significantly increased the cost of basic needs such as electricity, gas and medicine. Consequently, when opportunities exist to benefit from corruption at an operational level, more and more Iraqis are taking the opportunity, simply as a means to meet their basic needs. This can have significant consequences on the administration of justice, rule-of-law and the educational system to name a few. While this type of corruption implicates psycho-social issues, it is different in that it stems directly from economics. In Iraq, there have been reports of a multitude of police officers taking bribes, justice being thwarted by corruption and school teachers selling grades; not unlike many countries grappling with the scourge of corruption. An list of this type of corruption was published by Babcock University in conjunction with the Caleb Institute in a paper concerning the "Economic Implications of Corruption on the Nigerian Economy." The list could just as easily have been written for Iraq.

In any case, it is apparent that corruption itself is a cause of corruption. That is, corruption is self-perpetuating: the higher the cost-of-living as a result of corruption, the more people participate in corruption—solely as a means of economic survival.

While this paper is not and perhaps cannot be fully inclusive of all of the factors contributing to corruption in Iraq, it does expose the foundations from which most of the corruption emanates. From political parties that are dependent upon corruption for their very existence to socio-religious contradictions that facilitate corruption, the scourge is deeply imbedded. The extreme situation that has been Iraq since 2003 has psychologically scarred the population and left many people bereft of any economic investment in society. Consequently, they are simultaneously more likely to avail themselves of opportunities of corruption, while themselves being exploited—both on a micro and a macro level.

### *Conclusion*

Identifying the root cause of corruption is imperative to building a paradigm for successful development of an anti-corruption implementation strategy. This strategy cannot be focused at an operational level where the symptoms of corruption are manifest but instead must be directed toward the root causes of corruption (i.e. sectarian politics, socio-religious contradictions; psycho-social realities and economic necessities). In Iraq, this necessarily means that an anti-corruption implementation strategy must be developed by Iraqis who understand the historical and social issues implicated. While the international community can provide guidance, they cannot fully appreciate the nuances of Iraqi social and cultural development. The same is true in almost every other country.

It is only after development of a comprehensive implementation strategy focused on root causes that an operational plan can be developed to stem the rising tide of corruption. The international community, and especially the United Nations, has a very important role to play in providing strategic guidance, operational planning and implementation assistance. Under Iraqi leadership, the international

community can offer some strategies for combating corruption. However, the responsibility and the solution for combating corruption in Iraq, belongs to Iraq.