

The corruption of political elites in Iraq – an economic analysis

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This article examines the corruption of political elites in Iraq in the wake of the 2003 American occupation – a phenomenon that has had disastrous consequences for the country as well as astronomical fiscal costs. The corruption that has now become endemic has served not only to undermine reform and reconstruction efforts – while simultaneously accomplishing the embezzlement of billions of dollars – but also has left the Iraqi people exposed to a wide array of harms from contaminated wheat imports to an infrastructure in complete disarray to foreign machinations, including those of international food conglomerates. Through the acquiescence of corrupt Iraqi elites, the country has been laid open to external interests and foreign initiatives as well as those of the World Trade Organization (WTO) through means such as the 100 ‘orders’ signed by US ‘Ambassador’ Paul Bremer III under the auspices of the Coalition Provisional Authority (CPA). Graft and kickback schemes of every stripe are rife throughout the country, and monies donated in the form of international assistances have served to line the pockets of the corrupt, never reaching the intended recipients among the average Iraqi population in many instances. The vicious cycle is further perpetuated also through a corrupt judiciary that militates against any sort of meaningful transparency or oversight. Corruption, and that of the powerful elites in particular, has not only squandered genuine development opportunities that might have benefited the country at large and done much good to facilitate reconstruction efforts, but also it has – for the foreseeable future – thrown the issues of Iraqi oil revenues and food security as well as that of national sovereignty into a peril of the first order.

Keywords: corrupt Iraqi political elites; corruption in Iraq; embezzlement; accountability; the Iraqi judiciary; graft and kickback schemes in Iraq; non-governmental organizations (NGOs); development opportunities; environmental corruption; blackmail; foreign corporations; international economic institutions; Iraqi sovereignty

Introduction

The phenomenon of the corruption of political elites exists in all countries, including advanced ones, but to varying degrees, tending to be more diffuse in countries exposed to difficult conditions and crises. The corruption of politicians in most underdeveloped countries has hindered their efforts to cope with changing international circumstances and positively adapt to the related pressures. The failure of these elites to manage economic reform processes has led to structural and fundamental distortions that consequently prevent a given country from achieving sustainable growth. Thus, instead of administering a country’s wealth in a sound fashion in the service of its

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economy and development, revenues have been embezzled and stolen. As a result, developmental efforts have been forfeited and internal decision-making power confiscated by the mechanisms of the global economy and its major institutions.

Iraq is one of the countries that has been overtaken by corruption due to the changes that occurred during the unstable post-2003 transitional phase, together with the ineffectiveness of the rule of law and lack of oversight, transparency and accountability for those entrusted with its resources and wealth, i.e., the political classes. Thus, the following problematic can be posited. What are the repercussions of the corruption of power for development and the future economic independence in Iraq, and what are the determinants constraining corruption of its ruling elites?

In order to elucidate this problematic further, the following interrelated questions can be posed:

- What does corruption of the ruling authority imply?
- Where does the level of corruption rate on the scale of possibilities?
- What are the most prominent aspects and indicators of the corruption of Iraq's political elites?
- Where does Iraq stand in relation to others on the spectrum of global corruption?
- What are the economic costs of the corruption of the government in Iraq?
- Can we constrain the phenomenon of the corruption of the ruling authority in Iraq?

With regard to these questions, I would advance two hypotheses: (1) that the unstable transitional phase in Iraq and attendant variables have fomented the spread of corruption among its political elites; and (2) the corruption of political elites and their deplorable conduct has led to the squandering of economic resources and the fettering of decision-making power in the administration of internal economic affairs.

First: the corruption of authority: a conceptual assessment

Numerous researchers and analysts have investigated the concept of corruption in their studies: its forms and categories. It has been generally identified as the 'misuse of public authority and influence for the achievement of personal interests and gains in a way that contradicts the general rules and laws in society' (al-Dhahabī 2005, p. 6).

However, this study will only focus on the corruption of political elites because they represent the decision-making authority within the state. And when corruption is practised, this has repercussions in the distortion (or import) of decisions taken by them, leading subsequently to the corruption of the entire structure from the top down. Political elites include members of the state's formal decision-making hierarchy as well as employees in the organs of the state, among whom are the categories of presidents, prime ministers, deputy government ministers, general managers, senior officers, intelligence officials, members of parliament, judges of the supreme court, regional heads, local authorities (such as governors over-protectorates), and members of local councils.¹

Bureaucratic corruption is considered a repercussion and result of the corruption of the political elites, since it is similar to an executive instrument produced by that elite to effect policies and decisions, meaning that this kind of corruption impinges directly upon the implementation of policies and decisions. The corruption of political elites is the misuse of political power and authority in order to take control over power,

wealth and influence individually or collectively; meaning that these elites may deviate in their behaviour from the regulatory system of political values and may also employ the authority that people granted them legitimately through elections or which was acquired illegitimately through force to amass personal fortunes at the expense of the interest of the majority of the population in a fashion that nullifies all the principles, customs and ethics of a given society.

The corruption of authority constitutes a very ancient phenomenon such that the Qur'an indicates it, noting, for example, the corruption of Pharaoh and his oppression of people and usurpation of their rights: 'Truly, Pharaoh exalted himself on the earth and rendered its people castes/sects. He tormented a group of them, slaughtering their sons and sparing their women. Indeed, he was among the spreaders of corruption' (al-Qaṣaṣ, 28:4). It can be argued that this is precisely what many functionaries of state are doing currently, and there are many demonstrations of this among the 'republics of fear', and mass exterminations, as well as many instances of squandering the wealth of nations and monopolization of power.

Second: the universality of the phenomenon and the pervasiveness of global concern

The corruption of political elites has garnered a sizable share of international attention as a global phenomenon undermining the stability of societies and hobbling democratic regimes, over and above its role in obstructing international efforts in the domain of political and economic reform. Since corruption cannot be eradicated by individuals, it has proven necessary to form international anticorruption alliances, and this has strongly materialized and developed to an advanced stage with the call of the United States to set an agenda or an international convention that aims to combat corruption throughout the whole world, especially in underdeveloped countries, and to offer support to such countries by reinforcing the institutions of governance and oversight as well instilling democratic principles in them. Along these lines, the United Nations Convention Against Corruption adopted in September 2003 notes in its preamble:

the seriousness of problems and threats posed by corruption to the stability and security of societies ... [and the State Parties to the Convention are] concerned also about the links between corruption and other forms of crime, in particular organized crime and economic crime ... [and are] convinced that corruption is no longer a local matter but a transnational phenomenon that affects all societies and economies, making international cooperation to prevent and control it essential.

(United Nations Office of Drugs and Crime (UNODC) 2003)

Furthermore, the foundation of the organization Transparency International in 1993, and the enactment of numerous international agreements, reflect the universality of the phenomenon of corruption. Among the bodies and initiatives set up to address the problem are the Inter-American Convention against Corruption, adopted by the Organization of American States in 1997; the convention of the Group of States against Corruption (GRECO) in 1999; the South African Development Community (SADC) against corruption in 2000; the African Union Convention for the Prevention and Combating of Corruption in 2003; the conventions against corruption in the Middle East and North Africa of 2006; the Anti-Corruption Initiative in South Eastern Europe (SPAI) of 2005; as well as many conferences concerned with human development,

economic reforms, democracy, environmental and population issues that consider corruption to be an insidious phenomenon with serious international dimensions.²

Third: manifestations of the corruption of political authority

By drawing on political literature it is possible to discern the corrosive effects of corruption of political authority when political elites engage in the following types of behaviours:

- 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 which a company can eliminate competition; or conspiratorial tax exemptions or exemption from meeting environmental standards and work regulations, etc.
- Political corruption appears in the context of dubious weapons' contracts agreed by politicians with armament manufacturing companies that involve bribing high-ranking officials and politicians, with huge consequent losses for the civilians of one country or another, especially underdeveloped countries that suffer from poverty, unemployment, violence and civil wars. In this context, we see 41 major American and European weapons manufacturers monopolizing 92% of weapons deals with armaments being sold to parties involved in more than 40 armed conflicts, in most of the developing nations. Instead of channelling money into developmental sectors, with the collusion of arms dealers and security consultants, major and influential political operators divert resources to acquisitions that end up inflicting death on their own people (Kiwān 2011).
- The engaging by members of the political elite in hidden or indirect economic and trade transactions, in the sense that they own assets in companies and business. Since they are the decision-makers and promulgators of rules and regulations, laws are bent or designed to conform to their corrupt process and conduct, meaning that they award *themselves* job contracts, licences and other benefits in a conspiratorial fashion. Consequently, these protected projects and institutions increase the monopolization of the market by privileged enterprises and enable them to become increasingly powerful in the local business market, thanks to their being granted numerous legal exemptions. The results adversely affect the competitiveness of the environment and capacities of the domestic market. Thus, a few businesses receive loans from banks, while taxes do not apply to their activities, and thence accrue further capacity to obtain offers and bids due to their affiliation to governing political elites.
- Politicians regulate power and authority in the service of their goals and in the interest of major companies that in turn disburse great amounts of money to maintain their presence in power. Accordingly, in some countries companies play a major role in putting politicians into positions of power, especially in developed countries, so that those whom they install will return the favour and thereby be assured of financing in subsequent election campaigns. These companies typically allocate between 1% and 10% of what they term 'political expenses' for the purpose of bribing decision-makers, whether in developed or

in underdeveloped countries. Along these lines, the United Nations revealed that between US\$20 billion and US\$40 billion are paid annually to government officials in developing nations and those undergoing transitional phases (Dayūb 2007; also al-Mṭir 2008).

- Political elites squander the nation's wealth in major embezzlement schemes and by smuggling oil, gas, timber, diamonds, gold, mercury and other metals, or by selling off the archaeological treasures of the country without any concern for the depletion or dissipation of these resources, but only for their personal gains and interests. Along these lines, they have engaged in extensive operations to embezzle the money derived from selling the country's real assets under the umbrella of the privatization process. This is what has occurred in Russia, where assets were sold at prices that did not cover the cost of the land they occupied, leading to a tremendous loss of money, in addition to other assets that were distributed among the elites.³
- Stemming from the monopolization of power, and their desire to remain in power (by force if need be), political elites resort to buying political loyalty and proponents. This occurs at all levels – state, opposition party and individual – by engaging in direct bribery or the provision of other benefits, such as future promises of profits, government positions, loans, or permissions or many other such variations. The result of this is the creation of a new class of supporters, loyal to these elites because their continuance in power connotes the persistence of their privileges, and vice versa. An example of such practices was the provision of a monthly allowance of US\$12,000 by the Brazilian Labor Party to buy the votes of Congressmen in the parliamentary elections of 2005 (Anon. 2011). This is similar to what transpired in Iraq where some influential parties offered incentives in cash and kind in exchange for the votes of electors, which was a phenomenon observed in abundance during the elections of 2005 and 2010, where this policy extends the mandate of this corrupt elite in power.⁴
- The corruption of political elites includes them exercising pressure on opposition parties and their efforts to win them over by use of the 'stick and the carrot' approach; attempts to win over civil society organizations and non-governmental organizations (NGOs) in order to diminish their independent role; and pressuring media institutions and the press to gain their collusion and turn them into an acquiescent tool for the promotion of these corrupt elites.
- Corruption is practised by politicians in their use of religious, national, economic and political violence, and the intimidation of citizens, whether individuals, groups or parties for the aim of accomplishing private or vested interests at the expense of the nation. Thus, many countries have witnessed cruel dictatorships predicated on the ascendancy of a single party or an absolute ruler that practised brutal violence, liquidation, eviction and ethnic cleansing against their own, in addition to their rejection of democracy, political liberty and the principle of participation in governance, not to mention their monopolization of the nation's resources while leaving citizens to suffer from abject poverty, hunger and marginalization.
- Forming alliances and conspiracies between parties and political blocs, inside and outside of the country, to achieve narrow regional or party gains or gains at the expense of the ultimate national interest. These parties work to impose their agendas by force of armed militias while eliminating competitors through physical liquidation, broadcasting disinformation to sway public opinion and

marketing projects that do not conform to the comprehensive national project, numerous examples of which can be found in Iraq after 2003.⁵

- Some politicians might cave in to regional or international pressures or even internal ones to the extent that their maintenance of power impels them to work under the tutelage of these influential powers, whereby they become compliant tools working towards the implementation of the agendas of these powers in their own countries, without consideration of the actual national interest of their peoples. Some examples can be found among those Iraqi politicians who essentially rode into the country aboard US tanks or were put into power by regional countries to whom they owed favours, thereby leading them to ignore the occupier's operations and tacitly to approve whatever it does to the people, which ranks as the apex of the corruption of power. The incidents that took place in Abū Ghurayb Prison, al-Fallūjah, al-Maḥmūdīyah and Sāḥat al-Nusūr (al-Nusūr Square) as well as the theft of the resources and wealth of the country were undertaken by foreign companies such as the private security contractor 'Blackwater USA' (or 'Blackwater Worldwide', also known as the Xe Services LLC); the military 'Titan Corporation'; 'AEGIS', along with many others. In Iraq many contracts were acquired by prominent figures in the government, at the same time as high-ranking officials and party members conspired with neighbouring countries where Shi'ite parties typically pay heed to Iran, Sunni parties are typically affiliated to Saudi Arabia and Syria, and liberal parties incline towards countries such as Turkey, or with foreign forces in return for gaining a free hand to dispose of the country's internal affairs and its fiscal resources. One example of such practices was the questionable disposal of US\$88 billion by US Ambassador L. Paul Bremer III in 2004 from monies earmarked for reconstruction projects in Iraq, as *confirmed* by the office of the Special Inspector General of Iraq Reconstruction (SIGIR), headed by Stuart W. Bown (United Nations Development Programme (UNDP) 2006), to say nothing of many other examples. Such actions entailed concluding dubious contracts, characterized by secrecy and lack of transparency in costing,⁶ leading to the wastage of public monies. These aforementioned schemes were pushed through as a result of neglect, blackmail and buying off politicians, about which the Qur'ān mentions: 'Kings, if they enter a village, corrupt it and they bring its most renowned and esteemed people to the worst humiliation'(Q 27:34; al-Naml, 27:34). Easily one of the most pernicious examples of the submission of corrupt Iraqi elites to the machinations of the United States and the relinquishing of Iraqi sovereignty can be found in the one hundred 'orders' that Bremer issued under the auspices of the Coalition Provisional Authority (CPA). Among these was Order 81, drafted by the Monsanto Corporation ostensibly for the purpose of Plant Variety Protection (PVP) as a subset of 'intellectual property rights'. Order 81 specifies that Iraqi 'farmers shall be prohibited from re-using seeds of protected varieties or any variety mentioned in items 1 and 2 of paragraph (C) of Article 14 of this Chapter' – meaning, in effect, that Iraqi farmers were suddenly impelled to use World Trade Organization (WTO)-mandated genetically modified (GM) crops in place of the indigenous seed varieties in use since approximately 10,000 BCE and which immediately placed Iraqis at the mercy of huge US conglomerates such as Monsanto, Cargill and Dow for their seed supplies. At the same time the treasure of local, natural seed varieties

located in a seed bank in the precinct of Abū Ghurayb went missing (Engdahl 2005).

- Politicians practise *environmental* corruption – especially in underdeveloped countries – when they conclude deals with foreign companies that pollute the environment through practices that are restricted in their own countries and are in violation of their country’s strict environmental standards. Such companies may also be acting as such to avoid the high tax penalties that negatively impact their profits in their own countries. Along these lines, these companies receive permits to enter and engage in their activities or obtain licences to transport their environmentally toxic wastes in exchange for money, regardless of the environmentally catastrophic consequences and their impact on the health of citizens. Politicians may consequently turn a blind eye to the harmful practices in which these foreign companies engage such as those which increase air and water pollution; cause desertification; result in deforestation; or cause the destruction of marine environments and biodiversity.⁷
- Political revenge and bypassing or circumventing the law: where political corruption is coupled with a corrupt and politicized judiciary that serves as a facilitator in providing (legal) protection to those in power – regardless of the nature of their illicit practices. Political revenge in this scenario occurs as a reaction to lack of compliance and responsiveness of members of the judiciary and legal professions to politicians’ demands. Clear evidence and examples of such revenge are to be found in the assassination of judges as well as the restriction of the movement and latitude of the Integrity Commission, the Office of the Inspector General, and the Diwan of the Financial Comptroller in Iraq, in addition to the transfer of dossiers on corrupt politicians to the judiciary under pressure of powerful political elites – as an act of reprisal, over and above to the fleeing of numerous judges from Iraq.⁸

Forth: Iraq at the top of the international corruption pyramid: the origins

The corruption of Iraqi elites did not come about in the wake of the US invasion of 2003, but rather it goes back to the 1980s and 1990s as a result of wars and the implementation of economic sanctions. As Dr Dūrī, former representative of Iraq to the United Nations, clarifies in his book entitled *Game Over* (2004):

corruption actually began diffusing into Iraqi society and the government during the Iraq–Iran war; then, the epidemic spread throughout the 1990s especially during the embargo and specifically after the commencement of the implementation of the Memorandum of Understanding or the so-called ‘oil-for-food and medicine’ initiative. Moral standards and liabilities substantially fell by the wayside both within and outside the government, as well as inside and outside Iraq and even in other countries and international organizations ... and corruption became an integral part of the entity of state.

(al-Dūrī 2004, p. 22)

Along these lines, the 1996 ‘oil-for-food and medicine’ programme entailed political corruption, resulting from the entanglement of major companies with the then ruling Iraqi regime. With regard to this, the Federal Court of New York indicated that it has a list of 2,200 companies in 66 countries involved in the programme – such as the Malaysian company Mastic, the German company Siemens, the construction branch of the Swedish company Volvo, the German–American automobile manufacturer Daimler-Chrysler, the B. Braun medical healthcare company, and the American

Chevron oil company – and in connection with which the amount of bribes paid totalled US\$8.1 billion.⁹

Iraq was ranked first (top) of the international corruption pyramid during the period of the American occupation; in 2008 and 2009 it ranked second; and subsequently ranked third out of 180 countries, behind Myanmar and Somalia (Lambsdorff 2008, p. 302; also Lambsdorff 2009, table 13, p. 402). This situation came about as a result of the weakness of the rule of law as well as other factors elucidated by Dr Mahdī al-Ḥāfiz, former Minister of Planning, who said:

a new and seductive environment took shape in Iraq as a result of the absence of an effective national authority with forceful powers and jurisdiction, in addition to the general openness that accompanied the change of the regime and the hegemony of the foreign occupation and the flood of money from outside as well as the multiplicity of the sources of power inhering in wealth.

(al-Ḥāfiz 2005)

In general, it may be said that the presence of the American occupation¹⁰ factored as an incubator for the corruption of elites and their protection by force of arms through the distortion of the order of values¹¹ as well as the legal vacuum after 2003 including the repercussions of these. The negative fallout included the struggle for power, the spread of chaos, internal infighting, forced exile, the prevalence of crime in all its forms and without any legal, ethical or religious impediment, as well as the domination by militias and mafias of the institutions of state. Iraqi political elites were unable to formulate a unified national discourse instead of the attendant sectarian and factional discourse of numerous religious, liberal, nationalist or communist leaderships who are dominating power – some of which may be considered to have factored in the spread and promotion of corruption as they alternated between one another in the making of corrupt deals and operations. Typically, these shady dealings do not come to light except in the event of conflicts erupting between these leaderships. All of the abovementioned factors transformed Iraq into fertile ground for the spread of corruption, as also witnessed in other countries subject to critical changes and emergency situations, such as Russia and the countries of Eastern Europe.

Fifth: the cost of corruption of the political authority

Corruption of political authority results in the loss of development opportunities, and the hampering of the power of national decision-making in the administration of economic affairs. There is an interconnected and derivative relation between the corruption of political elites and the loss of development opportunities, on the one hand, and the descent of the country into a situation of humiliating subjugation to international economic institutions, wherein these elites serve as practical tools to execute the policies of these institutions, on the other. This (interactive process) will be considered along two lines.

The corruption of political elites and the loss of development opportunities

Any country aims to achieve sustainable development to attain economic well-being; the goal is coupled with the existence of capital, where the lack of sufficient capital poses as a restrictive, inhibiting factor for development. Iraq suffers from a scarcity of capital, especially in the light of its limited capacities to increase the production

of oil and matters such as debts, war compensations (e.g., to Kuwait) and the demands of reconstruction. The greatest challenge that the country faces is how to accumulate sufficient financial assets and how to channel or employ these to the benefit of all sectors in order to achieve growth and economic development. The corruption of political elites limits the possibility of achieving this goal and impacts the most important pillar of economic development because it squanders capital and creates distortions and imbalances in the core structure, on which the developmental process is founded. As a result, development opportunities are forfeited due to the following:

- The squandering of resources and channelling them in unproductive directions: the corruption of elites in Iraq created a major defect in the allocation of fiscal resources and their unproductive use – such as military spending on equipment and armaments instead of on projects of economic growth¹² or their embezzlement into private accounts, outside of Iraq, given the weakness of monitoring, oversight and accountability groups, and the absence of transparency and accountability. Consequently, Iraq was deprived of the opportunity to create projects according to their genuine importance and relative priority, since corruption pushed decision-makers in some ministries to start implementing projects and concluding contracts with companies of insufficient qualifications, as well as giving loans or grants, facilitating imports, reducing custom taxes and fees on items of no great importance to Iraqis. Most of the funds were spent on the non-essential construction of pavements, parks or gardens, remuneration payments, sending individuals for training outside the country, visits, and making donations and many other activities of an unbeneficial nature not supportive of investments, while at the same time people suffered from a lack of electricity, water and infrastructure. This is in addition to squandering the country's wealth by entering into spurious deals and overinflated contracts (to derive kickbacks). An example of the latter is what the former Governor of the district of Karbala, 'Aqīl al-Khuz'alī, and other corrupt figures participated in making deals in which they purchased heavy equipment for the district at fantastic prices through falsified documents, in exchange for 50 billion Iraqi dinars when in fact the cost of the actual deal was only 27 billion dinars, as was exposed by the Integrity Commission when it announced that 23 billion dinars had been embezzled.¹³ This led to an extreme increase in the cost of capital formation, over and above numerous instances of major theft of Iraqi monies, and in a public manner, along with their transfer to secret bank accounts abroad, without any oversight or accountability. The Integrity Commission declared that this amounted to US\$18 billion in stolen monies in different governmental ministries of Iraq (Muhammad 2008, p. 342), the opposite of what is found in developed countries.¹⁴
 - Adding financial burdens to the state budget: usually, the public sector is allocated huge amounts of money, and in Iraq's case this gave high-ranking officials and politicians – those who were unscrupulous – the opportunity to exploit their power and posts or offices in order to obtain bribes or transfer and refer public sector projects to their own businesses or those of their acquaintances and relatives. Examples of those who have engaged in such are both former Trade Ministers, 'Abd al-Falāḥ al-Sūdānī and Ṣafā' al-Dīn al-Ṣāfī, as well as Ayham al-Sāmarrā'ī, former Minister of Electricity.¹⁵
- In many job contracts we see that senior political elites and influential persons or their relatives were parties to the transactions, offered donations or entered into

bids at a local level. We witnessed in Iraq the practice of selling contracts, where their distribution is handled by politicians, as well as the excessive overestimation of the costs of implementing import contracts from abroad in a way that depleted foreign currency in Iraq, at a time when it was in dire need of it. Corruption also compelled elites to mismanage investment projects, leading to additional deficits in the state's public budget. One must also not forget the practice of tax evasion, where the corruption of some tax administrations in Iraq has deprived the state budget of important fiscal resources, which might have benefited the Iraqi nation as a whole.

- The corruption of power and collusion in kickback contracts: in concluding a contract, some standards should be met in terms of quality, efficiency, probity, timely delivery, and so on. In the event that a deal is corrupt, these aforementioned standards would also be subject to collusion. We have noticed in Iraq that billions have been spent on unprofitable projects that lack priority or are unnecessary for Iraqi citizens, such as parks and gardens, pavements, donations, diplomatic trips and visits outside Iraq, as well as undertaking training and rehabilitation projects. These cannot be categorized as real needs of the Iraqi people, more important to them than building schools, hospitals, drainage systems, infrastructure and power plants, together with improving the quality of existing ones, where the situation is so dire that, for example, power poles are susceptible to falling over because they do not meet requisite specifications. Corruption also affected the process of distributing work contracts in Iraq, such that a project would be circulated to different subcontractors until it ended up with one who would complete the work with lower proficiency, cheap materials of low quality and without meeting the agreed-upon specifications. This does not serve the demands of economic growth. The situation is even worse when corrupt practices degrade ethical and human values, as happened during the process of importing Australian wheat in 2005. Some 400,000 tons of grade A wheat were loaded onto seven cargo ships, but it was later discovered that the wheat was not even suitable for animal consumption, as the shipment was contaminated with a toxic substance called MTA, which has been known to cause twelve types of cancer in humans and animals. Twenty cases of cancer were subsequently detected and reported and the figures confirmed by the Iraqi Ministry of Health. Based on this, the Australian Ambassador to Iraq was summoned. Later on, the Council of Australian Wheat confirmed that the shipment was contaminated and unsuitable for human or animal consumption and that the deal was a case of financial corruption. After this discovery the grain silos of Um Qaşr in Basra were set on fire at the hands of the corrupt and high-ranking officials.¹⁶ Also in 2006, a corrupt deal in the Ministry of Defence was discovered when US \$1 billion disappeared. The huge amount alone tends to suggest that those who were involved with the theft most likely would have been high-ranking businessmen effectively 'conspiring' with officials of the US Army. In any case, the Minister of Defence, Ḥāzīm Sha'lān, was enabled to flee Iraq and evade an arrest warrant issued in his name in 2007. He was subsequently sentenced to seven years in prison *in absentia*. Instead of buying weapons from Poland and Pakistan to augment the effectiveness of the Iraqi Army, funds were distributed between corrupt people. This was affirmed by the Integrity Commission in addition to the office of the Public Investigator and the Diwan of the Financial Comptroller in the Ministry of Defence, where the Minister of Defence, 'Abdul Qādir

al-ʿUbaydī, was involved, along with authorized agents and general managers, as well as high-ranking officials, especially with regard to some Korean and Serbian contracts. Their files were referred to the courts, in particular case notes relating to the purchase of military aircraft and bomb/mine detectors and control over construction projects in the Ministry of Defense. Likewise, there are many other cases of similar corrupt dealings in the ministries of Interior, Health and others.¹⁷

- The corruption of political power is impeding money inflow to Iraq: the international community offered Iraq tremendous financial support and many countries pledged to provide it with grants and other funds, which amounted to approximately US\$35 billion.¹⁸ Due to the corruption of political elites, that money was squandered and spent without taking into consideration the relative priorities of projects mentioned in the National Development Strategy list. Most of these projects were referred straight to foreign companies, NGOs or administrative authorities in the provinces, and contractors without undertaking competitive bids or even publicly announcing that these were up for tender. Also, there was no transparency or official acknowledgement on the part of Iraqi officials, but rather these deals were distributed among influential elites. Due to the rampant corruption, donor countries refrained from meeting their pledges to Iraq, arguing that money was going into the pockets of the corrupt and senior politicians instead of benefiting the Iraqi people. Consequently, Iraq was simply deprived of the inflow of funds because of the corruption of political elites. Along these lines, corruption limited direct foreign investments into Iraq, since there is an inverse correlation between investment and an environment of corruption, where the greater the corruption, the greater the impact on the marginal efficiency of capital (MEC) in any given country. With the decrease of the latter, investors do not opt to invest because the average expected revenues are predicted to be low and extremely risky – given the corrupt environment and the weakness of the judiciary and security apparatus, which results in the investor’s assets not being guaranteed. Based on the above, the corruption of political authority and political elites in Iraq are considered to be among the most important factors deterring investment in Iraq.¹⁹
- The corruption of elites and violation of standards of competition, competence and transparency: competence is one of the essential criteria to remain in the market, and – theoretically – the more competitive the work environment, the greater the quality of the products and the lesser their cost. Corruption of elites and influential figures in granting licences and work permits reduces the number of business establishments in the local market, creation creates a monopolistic environment and increases black market activity, which in turn reduces the number of small enterprises and start-up businesses, considered to be the driving force of growth in most economies. The result of this is a decrease in competence, productivity and competitiveness, leading to the inflation of prices which does not benefit society but rather serves the interests of corrupt bureaucrats and owners of corrupt corporations who offer bribes to officials and influential figures in power. An example of this can be found in the Philippines, where President Ferdinand Marcos was accused of implementing governmental nepotism in supporting many companies belonging to his relatives and friends in a manner that damaged the competitiveness of the business environment there. The same applies to Iraq, where the work environment is

not based on competence and competition as much as it is founded on favouritism, bribery and nepotism practised by influential political elites (Sullivan 2000, p. 8).

- The loss of the people's trust in political elites (Sullivan and Shkolnikov 2005, pp. 11–16; also al-Zubaydī 2006, p. 100): the existence of corrupt political elites in the corridors of power and the branches of state institutions has produced a picture of a predatory state that peddles beautified and utopian recommendations and debased ideas that are entirely unconnected to Iraqi reality. Promises to bring about a state of comfort and well-being that will meet the needs of the people, to engage in reforms, end unemployment and poverty, and establish the foundations of a state based on modern law are hollow. If political elites do not realize such goals, Iraqis will eventually lose faith and trust in them and consequently popular support will wane and resentment increase. This is what was witnessed in Iraq, with the people's rejection and unreserved condemnation of the government, politicians and the ruling parties, and calls for the replacement of these figures, and refusals to re-elect them as representatives of people in the elections of 7 March 2010.

In light of all of this, corruption has a major impact on the squandering of resources, exhausting the economy, increasing unemployment rates and poverty, and the collapse of services, and is therefore a real and grievous obstacle to development.

Firmly establishing the bases of (foreign) economic penetration and interference as well as restricting the decision-making authority in administering economic affairs

With the massive spread of corruption among political elites in the Iraqi environment, especially after 2003, and its place at the top of the pyramid of international corruption, two scenarios for the administration of the affairs of the state can be proposed the better to ensure that Iraq will receive proper funding to initiate the process of development:

- The capacity for internal financing: the prospect of internal financing for necessary initiatives is currently far removed from present Iraqi reality due to the weakness of Iraq's reserves/capital accumulation and capital flight to the outside due to the lack of security and internal stability in the country. At the same time, Iraq has fallen into the trap of debts and large reparations, despite attempts to get these annulled or reduced.²⁰ Furthermore, Iraq has reconstruction needs estimated to amount to US\$100 billion, in addition to the conundrum of debt repayments, reparations and construction and building obligations, knowing that there are insufficient national reserves. This triangle represents a serious obstacle to saving the state from its economic crises.
- Iraq under the tutelage of foreign financing and international economic institutions: this scenario becomes the only one available to any Iraqi government given the absence of domestic savings and reserves. No external financing in the form of direct foreign investment or loans will be forthcoming unless an attractive economic environment is provided, and its entry into the market is also contingent on the extent to which the lending country can accrue the consent of international financial institutions. In all cases, Iraq is still considered to constitute an unattractive environment for investment due to decreases in the

marginal efficiency of capital. When a country resorts to debt, this means it has become incapable of meeting its own development needs. Since 2003, Iraq inherited a heavy burden and structural instabilities from past decades, such as a US \$127 billion debt and US\$300 billion-worth of reparations. Under pressure to pay, Iraq resorted to The World Bank and signed a debt relief agreement, the Stand-By Arrangement (SBA), following the Paris Club approval to reschedule its debts, in exchange for implementing economic reform programmes with the aim of redirecting the economy and adjusting its course towards designating resources and utilizing them to bring about a process of sustainable economic development, which is the core of the express developmental discourse of these institutions (Payer 1977, p. 30).

Many countries, especially underdeveloped ones, have failed to implement economic reform programmes, and one of the most important factors behind their failure was the pervasiveness of corruption in these countries. Bank officials and the International Monetary Fund (IMF) have blamed the national administrations of these countries for poor management, corruption and delays in implementation, where instead of utilizing funds for developmental efforts, some of it is lost through the corrupt practices of politicians and influential persons in government, who are driven by their rapaciousness for wealth and power. It is estimated that US\$187 billion was misappropriated due to the corruption of politicians in 30 Arab countries between 1970 and 1996, and it is worth noting that this amount exceeds the liability payments of all these countries combined.²¹

Corruption has factored in the underdevelopment of those countries and their squandering of money because some corrupt bureaucrats and politicians work in their own personal interests, embezzling funds without concern for the repercussions, at the same time as implementing the requirements of international institutions to lower public expenditures, as well as nullifying support for society. In the end, this results in the failure of reforms and the deepening of crises and thence the incapacity of the state to perform its functions and meet its external obligations (Salinger 2001, pp. 76–78).

After 2003, Iraq has been among the countries that – pressured by its debts and pressing needs for financing – resorted to international financing institutions, began implementing their economic programmes and compelled itself to meet their conditions. However, ironically, due to the corruption of the government and its institutions, what loans Iraq thereby received went straight into the pockets of corrupt politicians instead of going to its citizens. All this leads to the following question. How would things be in the future with the continuation of corruption in all its forms and types within the Iraqi state and its institutions?

We are saying that the system of corruption of political elites is neither concerned with the best interests of the country or Iraqi citizens, as much as it endeavours to disenfranchise and divest the country of all its wealth and resources, given that the success of any economic reform programme depends on the political administration and the extent to which politicians are honest in the proper allocation of the countries resources in different spheres of development.

Despite great efforts to eradicate corruption in Iraq, it still remains one of the most prominent characteristics of Iraqi reality. Its persistence will expose Iraq to a real blow to its development and growth processes and definitely lead to the failure of economic reform programmes and squandering of Iraq's wealth, especially its oil wealth.

Subsequently, this will impact the future economic independence of Iraq as a result of the government's inability to manage its economic affairs and due to its opening the door wide to international financing institutions and their interference in the country's future economic affairs, which attach to its national sovereignty (al-Himish 2004, p. 113).

It is no secret that international monetary and financial international institutions work to ensure the security of the interests of creditor countries, and that they put mandatory conditions on debtor nations. These effectively require the country to have a corrupt administration since it favours an administration that subordinates the national interest to its own, concealing its loyalty to these institutions and their inflow of capital, while continuing to enforce austerity measures on the average citizen. Such administrations serve as a tool for these international financial institutions to implement their programmes in the country, resulting eventually in the enfeeblement of the state, the forfeiture of its resources and the impoverishment of its citizens. Something of this was noted by American journalist Thomas Friedman when he described what he terms the 'Electronic Herd' as

millions of faceless stock, bond and currency traders sitting behind computer screens all over the globe. ... It does not recognize anyone's unique circumstances. The herd only recognizes its own rules. But the rules of the herd are pretty consistent – they stipulate what savings rate your country should have, what level of interest rates, what deficit-to-GDP [gross domestic product] ratio, and what level of current account deficit.²²

Here, the state relinquishes its economic independence with regard to outlining and directing its internal policies for the management of economy, which it turns over to international financing institutions which then enter a bargaining process with the state – exchanging assets for debts, as another phase in the framework of debt rescheduling programmes. It is for us to confront the selling off of a country and its institutions to creditor nations and institutions (Samārah 1995, p. 38).

The future of Iraq poses grave concerns. In the event that corrupt authorities and influential elites remain in power, they will undoubtedly derail reform policies and effect the wastage of development efforts. In brief, corruption infringes on the economic independence of the state as it loses or is compelled to cede control over its natural resources, and the case of Mexico provides persuasive evidence for such an eventuality.²³

Sixth: the specific determinants of corrupt governance

The corruption of political elites cannot be resolved unless its causal factors are eradicated and an environment created that can contain the elements outlined below.

The political determinants

It is confirmed/agreed that whenever political freedom is increased and deepened, the less corruption is likely to occur because it ensures greater political competition, establishes an effective supervisory and oversight apparatus, and affords a high level of transparency in the work of the government – since political freedom works as a catalyst for politicians to offer their best while remaining supervised by people who are known as 'those with clean hands'. I would also affirm the necessity of rectifying the entire parliamentary process, as the weakness of the parliament is closely tied to

the corruption of political authority; and therefore, democratic methods should be followed and just and fair elections guaranteed, in order to elect members who accord the national interest absolute priority, and who are fully capable and scrupulous, resulting in the creation of an amalgamated governmental infrastructure instead of a sectarian-based, contentious government. What is necessary is a government that promotes all sorts of civil liberties – especially those pertaining to the media and a free press because this ensures the oversight of all groups of society and parliament, the government as a whole and its political elites.

The judicial system and institutional determinants

The weaker the judicial system, the more it is susceptible to corruption and vice versa. Consequently, the existence of a powerful judiciary leads to adherence to general rules and regulations in society while limiting the aberrant behaviours of individuals in general, and political elites in particular. The existence of strong, coherent societal, judicial, political and economic institutionalization processes ensures the rule of law and provides an implement for supervision and accountability, which consequently reduces corruption to a minimum. Evidence for this assessment abounds in developed countries that are based on an effective institutional framework, where corruption rates are noticeably low.

In this context, it is necessary to apply anticorruption law, while working to establish strong judicial institutions that assess the bases of transparency, oversight and accountability in governmental performance. It is also necessary to establish independent apparatuses or bodies for the appointment of judges so as to prevent politicians and influential figures from blackmailing or bribing them in exchange for legal cover for their dubious activities.

The economic determinants

In order to fight against graft and corruption, it is most important to eliminate the causes behind economic dysfunction, to decrease bureaucratic impediments (red tape), to revitalize the public sector, in addition to setting up particular mechanisms of supervision, oversight and accountability concerning public expenditure; transparent administrative practice in the handling of contracts, costings and official bids. In addition to restricting the obstacles that impede entering the market and the business sector, these provisions can help in establishing the foundations of economic freedom, and laissez-faire economics, as well as subsequently overcoming numerous hurdles and bureaucratic measures that might be exploited in cases of corruption and that influence the course of economic transactions. It is also necessary to place emphasis on the national responsibility of decision-makers in creating unified national perspectives aimed at investing domestic and external resources (aid, loans and grants) in the interest of the nation, as opposed to having multiple incoherent decision-makers, working towards narrow vested interests at the expense of national interests. A prime example of this problem is Iraqi oil and the way it has been smuggled out of the country by multiple elements, to say nothing of other examples such as the squandering of grants and monies from creditor nations.

The moral determinant

The ethical order is crucial to the social, political and economic formation of every society, of which al-Sayid Muġtabā al-Lārī said: ‘Moral factors are among the most

important factors underlying the development, triumph or decline of humankind and society' (al-Lārī 2005, p. 7). By 'ethical order' we mean the framework of moral values that regulates the conduct of individuals, including political elites (such as virtue, honesty, loyalty, trustworthiness, purity and justice), and in this context it is necessary to construct a strong moral order that would constitute one of the most effective factors in limiting corruption of political authority and power in Iraq.

Notes

1. The political elite is a group or class of persons who practise power or political influence and engage in direct conflicts with the aim of attaining political leadership. In this context, Vilfredo Pareto, the economist and political philosopher, indicates that the elite class can be further divided into two classes: a 'governing elite' which is few in number in the realm of a generic political class of political activists, parties, syndicates, institutions and non-governmental organizations (NGOs) existing in the state; and what he calls the 'non-governing elite', where the governing elite actually practises power and authority, assuming the state's industrial and decision-making process, and monopolizing political positions and offices. It is well known to be unbound to a specific class, where elite individuals might (somehow) become members of the political class or merely regular members of the social class. Political theorist Gaetano Mosca (1858–1941) offers the existence of the following two classes in society: the governing and the governed, where the first is small in number but more organized and in control of both the political authority and decision-making, monopolizing political offices, enjoying the privileges attained through power, and dominating and controlling the sources of political power and authority. It is also capable of making and taking decisions, and the advocates of which assume senior positions and high ranks in the government. As for James Burnham, another known socio-political analyst, he illustrated political elites as being the society's 'guards of material resources' (Ḥamdān 2005; see also al-Aswad 1990, pp. 438–445; Bū Ni'mān 2009, p. 88).
2. For more on international agreements on corruption, see United Nations Development Programme (UNDP) (2006).
3. By way of example in Iraq, in the province of al-'Amārah there is a region called al-Bizkān where the expensive metal mercury is abundant. A US military base was established in the middle of mercury lakes where the substance was perceived to be transported in tanks and containers without anyone even thinking of asking what these tanks contained or to where were they heading. This happened similarly with respect to uranium, where massive amounts of the substance were transported from Northern Iraq to outside destinations, under the witness of Iraqi political elites. In addition, there have been scandals concerning oil transportation and smuggling to the outside by means of special militias working under some political elites and influential parties (Karīm 2010, p. 308).
4. By witness of real and tangible occurrences, some political parties distributed money (US \$200 in fact) to each family that voted for it, in addition to the distribution of blankets and oil-heating machines, to poor families especially.
5. An example of such is that political parties have entered into conspiratorial alliances of wealth and power sharing such as the alliances of the Ṣalāḥ al-Dīn Conference (1992) and that of the London Conference (14 December 2002), which came to be known as the 'seven political coalitions and groups', in addition to the entering of several political parties into (interest) alliances after 2003, calling for the establishment of a federalist arrangement in the north and the south at the expense of the general comprehensive national interest.
6. The American administration in Iraq issued exclusive work contracts for American companies to work there and aid the US government in its military operations. Independent American and European organizations assert that the selection process was based on discrimination and undertaken in a stochastic/random fashion, adding that most companies belonged to the list of companies that sponsored the election campaigns of former President George W. Bush. Kellogg Brown and Root, chaired by former Vice President Dick Cheney, received US\$3.2 billion-worth of contracts; and Pectel Group received contracts worth US\$1 billion. These contracts were known for their high cost, being ten to 50 times

- more expensive than the average. In this context, General David Petraeus, leader of the 101st Airborne Division, elucidated in front of members of the Committee on Oversight and Government Reform that the quotation submitted by Halliburton and Pectel to run the Mosul concrete factory was US\$15 billion, when an US\$80,000 contract was signed instead with a Iraqi company, meaning that the expenses of an American company were more than 188 times the Iraqi rate. It is reported that in the period between 2003 and 2004, the occupying administration squandered US\$8 billion in addition to the theft and robbery of ancient Iraqi antiquities and coins. For more on this, see Aşlān (2006), p. 150 (also *al-Taqrīr al-istrāfijī al-‘Irāqī li-‘ām 2008* [The Iraqi Strategic Report of 2008] 2008, p. 323).
7. An example of such is that some American companies, such as KPR, introduced chemical products to Iraq that led to major health and environmental damage and the emergence of many cases of patients with cancerous diseases, which transpired in the absence of a sound government that assumes the role of directly protecting its citizens, in addition to the lack of oversight of governing political elites. Also disregarded was the dumping of waste by Iran in the Shaṭ al-‘Arab River (Karīm, 2010, p. 302).
 8. Nineteen judges were assassinated by anonymous groups, such as Judge Ismā‘īl Ḥaqqī, investigative judge in the puppet court of al-Miqdādīyah of the province of Diyālā, on 19 July 2011; Judge Muḥammad ‘Abd al-Ghafūr of the Criminal Court in al-Raṣāfah district; and Judge Bāsīm Ṭāhir at the Civil Court of the Bayā‘ on 9 June 2011. Furthermore, some judges sought asylum in other countries because of the pressure on them from political elites, such as Judge Raḥīm al-‘Ugaylī (Head of the Integrity Commission) who was obliged to resign in September 2011 due to pressure from influential figures in the government who had restricted his movements because of his unravelling of major corruption deals (see: al-Tayyār al-Sadrī Yantaqid al-Ijrā‘āt al-Amnīyah al-Muttaba‘ah li-Himāyat al-Qudāt, *ALBAWWABA.NET*. Available from: <http://www.albawwaba.net/news/23869/> [Accessed 27 December 2011]; Ightiyāl Qādī al-Tahqīqāt al-Jinā‘īyah fī Maḥkamat al-Miqdādīyah, *Burathanews.com*. Available from: <http://www.tariq-karbala.net/?id=3835> [Accessed 27 December 2011]; and Ightiyāl aḥad Qudāt Maḥkamat al-Tamyīz wa Murāfiqih fī Hujūm Musallah Sharq al-‘Āsimah Baghdād, *al-Hay’ahnet*. Available from: <http://www.iraq-amsi.com/Portal/news.php?action=view&id=51837&dc804fc3d38e97fe8d60c3865514d5> [Accessed 27 December 2011].
 9. See the report published in *al-Ṣabāḥ* (2008).
 10. The corruption of the US administration is represented by its enactment of a law in 2003 that grants it permission to lay its hands on Iraq’s (external) capital in any part of the world, the total amount of which is US\$13 billion distributed across seventeen banks (accounts). This is in addition to the appropriation/confiscation of internal money by the United States, as confirmed by UBS (the second largest Swiss bank) when it undertook the transference of an Iraqi account to the United States without official permission of occupied Iraq. That is in addition to their appropriation of furnishings and other items from presidential palaces and private compounds, the value of which reached US\$6 billion; and US\$4 in the Central Bank of Iraq. Other than the US\$2 billion deposit accounts present in regional Arab banks, as well as the appropriation of accounts accumulated by the United Nations, stemming from the oil-for-food programme, valued at US\$21 billion, therefore, the total amount of capital seized by the US administration reached US\$46 billion (‘Abbās 2006).
 11. With the collapse of the rule of law in Iraq 2003, the pre-existing moral order was shackled since it lost some of its organizational structure and we started witnessing not only a moral void but also the emergence of a novel system of values in Iraq; it assisted and is still helping build a novel moral-cultural structure that could be considered the natural outcome in such exceptional circumstances, stemming from the harsh and unorthodox phase that the Iraqi environment has witnessed. And we started detecting a range of behaviours and values that were previously unfamiliar to Iraq, such as deep sectarianism, the gradual emergence of new aspects (of life) such as violence, discrimination, political marginalization, corruption, identity cleansing, kidnapping, forced migration, drugs, sex, and unethical killing practices, all of which prevailed over positive morals and started to consolidate into something that majorly reflects the American moral structure, which promotes exclusion, marginalization, killing, destroying and vice. And therefore what happened in

- the prison of Abū Ghrīb and al-Fallujah was not exceptional, like some Americans would want to convey, but rather part of the introduced American moral values apparatus.
12. Iraq was considered to have a surplus of capital, however all its economic resources were channelled towards the martial effort and military expenditure instead of meeting the requisites and needs of development. And after it had been ranked the third among Arab countries with a significant economic surplus, its assets/windfalls were squandered in pointless, unjustified wars. Thus during the first five years of the war on Iran (1980–1988), US\$119.9 billion were spent, that is more than 245% of the total oil revenues of that same period, which amount to US\$48 billion. After that wastage, the then political regime went into debt to cover the military expenses of war, which also falls under the rubric of corrupt elites and authority and their squandering of the resources and wealth of the country. For more on this, see al-Naşrāwī (1995), p. 25.
 13. For more on this, see Tawarruṭ ‘Aqīl al-Khaz’alī bi-Ikhtilās 23 Milyār Dīnār Bi-‘Uqūd Muzawwarah li-Shirā’ Ālīyāt, *Albaghdadia*. Available from: <http://www.albaghdadia.com/n/iraq-politics/28262-23-.html> [Accessed 27 December 2011].
 14. In developed countries even presidents go on trial, such as former French President Jacques Chirac who has just been convicted of embezzling public funds when he was Mayor of Paris; and Christophe Mitterrand, son of former French President François Mitterrand, who was indicted for undertaking illegal arms sales to Angola during the 1990s; also former Italian President Silvio Berlusconi stood trial on corruption charges (see <http://www.aljazeera.net/News/archive/archive?ArchiveId=1035442/> [Accessed 5 December 2011]); as well as current President of France, Nikolas Sarkozy, who faces charges for spending €400,000 on a reception in Manhattan, New York, to which 4000 French citizens living in the United States were invited; while in California the court sentenced former congressman Duke Cunningham to prison and fined him for accepting bribery and practising nepotism in different companies. By contrast, in Iraq many officials, senior officers and ministers made huge corrupt deals and were able to flee Iraq, such as: Ayham al-Samarraī, Minister of Electricity; Hāzīm al-Cha’lān, Minister of Defense; and Falāh al-Sūdānī, Minister of Trade; as well as the Director of Iraqi prisons who stole US\$1 billion, which were allocated to the renovation of prisons in April 2010, and fled the country, in addition to many others. For more details, see Ṭulst (2009) and al-Amīn (2008).
 15. Al-Samarraī was owner of a company specialized in electrical appliances where many importing contracts were transferred to his private company. He was accused of corruption in 2006. Despite the issuance of an arrest warrant for him, he sought political asylum in the American embassy and thus fled the country.
 16. The source for this information is a high-ranking official in the Iraqi Ministry of Trade who cannot be identified for reasons of personal security.
 17. The greatest corruption deal in the history of the Ministry of Health was done when twelve business deals were granted to a single company: GE, with it receiving US\$400 million to supply all medical and surgical equipment for Iraq. Another corrupt deal, worth US\$45 million, was intended to be undertaken by twenty-two oxygen-producing factories, but instead was assigned to only one, which paid the equivalent of US\$5 million to win the contract (al-Ṭālqānī n.d.; Aşlān 2006, p. 149; The Integrity Commission 2011; *al-Bayyana on-line* n.d.).
 18. At the Madrid Donors Conference, held on 23 October 2003, at in which 73 countries, twenty international organizations and 322 companies participated, donor countries pledged US\$35 billion to Iraq in the form of grants (US\$12.2 billion) and loans (US\$22 billion); the International Reconstruction Fund Facility for Iraq (IRFFI) was formed; and Fund revenues were distributed to two accounts, the first of which was directed by the United Nations, and the second by The World Bank. For more on this, see *al-Taqrīr al-waṭanī li ḥāl al-tanmiyah al-basharīyah fī al-‘Irāq li-‘ām 2008* [The National Report on the Status of Human Development in Iraq 2008] (2009), p. 120 (also United Nations Development Programme 2006).
 19. In 2002, a survey on the executive practices of companies in underdeveloped economies was undertaken to detect the biggest restrictions that limit their (positive economic) activities. It concluded that corruption and governmental bureaucracy, after financing, represented the largest hindering factors to their activities. For more on this, see Sullivan (2004), p. 38.

20. Iraq was indebted by US\$127 billion, and had to pay around US\$320 billion to one hundred countries as compensation – divided between US\$148 billion fixed (permanent) and US\$172 billion variable rate debt (Haddād 2007, p. 113; also al-Anbārī 2005, p. 181).
21. US\$10 billion were embezzled by Ferdinand Marcos, former President of the Philippines; the late President Saddam Hussein embezzled US\$20–40 billion from Iraq; Nigerian President Sani Abacha siphoned US\$5 billion; President of Serbia and Yugoslavia Slobodan Milosevic embezzled US\$1 billion; in Congo {resident Mobutu Sese Seko embezzled US \$5 billion; in Haiti former President Jean-Claude Duvalier is charged with embezzling US \$800 billion; and in Indonesia former President Muhammad Suharto is charged with embezzling US\$15–35 billion. In Nicaragua reform programmes were implemented in 1994, however loans were leaked to the pockets of politicians, such as what occurred in Peru in 1990 where President Fujimori squandered US\$600 billion of what was intended to finance a strict reform plan on the basis of which the money was granted by the IMF. But due to corruption and the president's involvement in the cocaine business, the number of those living under the poverty line increased to 15 million people in a country of 22 million. For more on this, see al-Jaṣṣānī (2008) and Dayūb (2007).
22. Editor's note: see Friedman and Collins (1999); also Friedman (1997).
23. The IMF imposed an appalling condition which violates the economic sovereignty of Mexico by requiring the country to place its oil revenues as a guarantee for the loans provided by the IMF, and to place these in a private account in the American Federal Reserve Bank, in addition to many other prerequisites of a political nature such as curtailing migration to the US and desisting from providing help to Cuba, etc. For more on this, see Ṣalāḥ (2003), p. 111. What happened in Iraq is similar to that since the latter signed an agreement with the IMF obligating it to place Iraqi oil revenues and the assistances offered by donor countries in the Development Fund for Iraq (DIF) under the supervision of the Director General of the American Federal Reserve Bank, which infringes upon the sovereignty and independence of Iraq and expropriates the country's wealth on the grounds of protecting these assets and wealth from corruption.

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