After IS, Iraq's Major Challenge is Corruption

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Brief Analysis

Demonstrations in Iraq have been ongoing since mid-June, both in Baghdad and in more than eight provinces in the south of Iraq. While the improvement of public services delivery is a key demand, protesters are asking for the government to combat corruption in public sector as well. Since 2003, when state corruption was concentrated in the hands of a few privileged people in Ba'athist party leadership, the coercive centralized system of state corruption has been replaced by a wider form of corruption know in Arabic as the *muhassasa* system, based on sectarian and party lines. Ironically, corruption has become democratized.

The issue of fighting corruption in Iraq is important because the problem is serious and growing. The current administration, which has repeatedly stressed that Iraq must fight corruption after its defeat of the Islamic State (IS), is urgently seeking better strategies to confront the issue. Meanwhile, the Iraqi public reads about individual acts of corruption daily from newspapers reporting 'whales of corruption'—dealing with what Iraqi anti-corruption authorities describe as billions of dollars stolen. Official reports of systemic corruption are also widespread. One **Iraqi study (http://www.mobdii.org/ArticleDetails.aspx?ID=18)** estimated that financial corruption takes nearly 25 percent of public money. More recently, Iraqi media discussed about 800 files of corruption as being under investigation.

International sources agree that Iraq's record of corruption has only worsened in the past decades: Transparency International **ranked (https://www.transparency.org/country/IRQ)** Iraq 117 out of 133 countries in 2003, Iraq is now ranked 169 out of 180 countries for 2017, with a score of 18 (with 1 = highly corrupt and 100 = very clean).

Despite the obvious necessity to better corruption in Iraq, the challenges of doing so because of its prevalence require a careful strategy for its eventual eradication. Given the difficulties of Iraq's sectarian environment, a more solid strategy for the next Iraqi administration should be to concentrate on incrementalism—small, effective steps towards a less corrupt state rather attempting to squash corruption everywhere at once.

The *Muhassasa* System

Iraqi political commentators often point out that the main cause of corruption in the country is sectarianism and the distribution of official or government positions between political groups in the *muhassasa* structure. Some commentators explain that *muhassasa* has normalized corruption in Iraqi institutions, entrenching it into the political system. This notion implies that corruption is the price that must be paid in order to ensure the continuity

of Iraq's political system, which is based on consociational democracy—the principle of ethnic sharing or fairness. However, others claim that political parties in Iraq manipulate the consociational system to their own advantage, and the principles of proportionate fairness are not upheld.

While some political scientists such as Theodore Moran have argued that such a system-within-a-system could weaken state institutions, in Iraq's case, *muhassasa* splits state institutions out along sectarian and party lines. In other words, *muhassasa* has not replaced the state but has instead integrated sectarian parties into the state network to form a bulwark against genuine democratic mechanisms.

This system of *muhassasa* has political, economic, and legal features that systematically consolidate and reinforce corruption. Politically, *muhassasa* allows easy access to the government and allocation of jobs to people from supporters of political parties in power. Throughout their period of control of the state structure, party leaders allocate crucial jobs, funds, and privileges to these supporters. Because of this system, party members in government work for the good of the party rather than the government or the people it represents. Consequently, political groups are more interested in controlling and retaining offices than in pursuing a particular political agenda.

Economically, political groups gain easy access to public money through *muhassasa* and monopolize the economic activities in the market. Politicians' personal resources have grown exponentially during the last decade; many Iraqi political elites are among richest people in the country. *Muhassasa* gave parties easy access to state resources, from which party leaders acquired personal fortunes. Parties that entered government with little in the way of infrastructure can now have several television stations, websites, newspapers, many employees in their organizations, and party branches in various provinces.

These political and economic benefits are protected by the legal system, as leaders can prevent themselves from being prosecuted in the courts. Many political parties in the government have disabled anti-corruption institutions over the last decade and have politicised many cases in the courts. Moreover, posts in supposedly independent bodies such as the Commission of Integrity are distributed based on *muhassasa* affiliations between political parties.

Ultimately, *muhassasa* is the fundamental factor that lies behind widespread corruption in Iraq. Corruption based on sectarian divisions seems to be distinctive to Iraq, if it is not unique, indicating its embedding in the country's fundamental political landscape. Any attempted solution from the Abadi administration or its successor must focus on dismantling the *muhassasa* between political groups. However, well-connected elites are entrenched in the political system and cannot readily be removed. Attempts to dislodge them from their secure positions could result in bloodshed, so careful and measured reforms are key.

Solutions to Corruption in Iraq

Feasible approaches to tackling the problem of corruption in Iraq should focus on the specific aspects of reforms that reduce incentives for corruption in a manageable and incremental way. According to Johnston (2014), reforms in post-conflict societies should be selective: the emphasis should be on combatting the system of corruption and its underlying causes instead of pursuing corrupt individuals. Accordingly, reform should focus on four linked strategies:

First, anti-corruption bodies should concentrate on elite's disclosure of their financial and property holdings. Audit trails can be designed to figure out who owns what, including money and properties, and reveal the real persons behind the big firms. This is crucially important in order to discover the extent of the political colonization of the economy. Such financial disclosure would be even more effective if 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 hopefully have a major impact on elections, resulting in the replacement of corrupt political leaders with clean politicians and,

ultimately, a shift in elite behavior.

Second, a political settlement could be reached relatively quickly. Although we have to be cautious in expecting that elections in Iraq will foster genuine democratization, an interim political settlement could nevertheless be built by setting up an intermediary body to negotiate a form of reconciliation between groups in Iraq, persuading them to give up *muhassasa* as a precondition for any viable reform. However, settlement will be a slow process. As major changes can only be achieved when groups are reconciled to end *muhassasa*, a political settlement would provide an initial push to shift current corruption towards less disruptive forms.

Third, temporary tolerance could be allowed for some corrupt deals. Temporary tolerance—cushioning the impact of anti-corruption measures—was a method successfully practiced in Hong Kong (David, 2010). These methods focus on the prevention of future corruption rather than the punishment of past deals, so elites feel more personally secure with these rules in effect, which encourages them to engage in reforms.

Fourth, civil society must be empowered to strengthen the effectiveness of social pressure. No single measure, such as anti-corruption institutions or the reform of the judicial system, will deliver the necessary reforms. Moreover, further liberalization of the economy may make corruption worse in the absence of strong checks and balances, and full democratization may be impossible to achieve in the near future. Efforts must 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. Consequently, they are unable to disclose the corruption of elites because if they did, their lives would be at risk. We must be realistic about what reforms can and cannot be accomplished, and about citizens' responsibilities for making the reformed system work. A stronger civil society must be sustained, and this means more effective social and individual energy. Indeed, in my view, 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.

What is common to these four strategies is that they are all focused on reforming the system of corruption rather than targeting corrupt individuals. Punishing corrupt individuals will reduce corruption in the short term, but unless the system is dismantled, those punished will merely be replaced by others with similar goals. Long-term eradication of corruption requires attacking it at its source, not its current exponents. ❖

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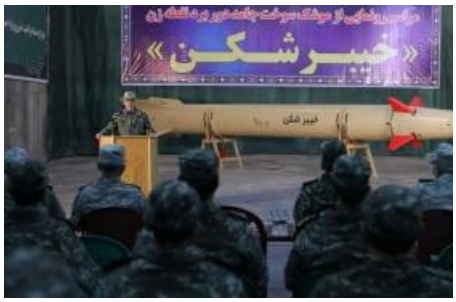

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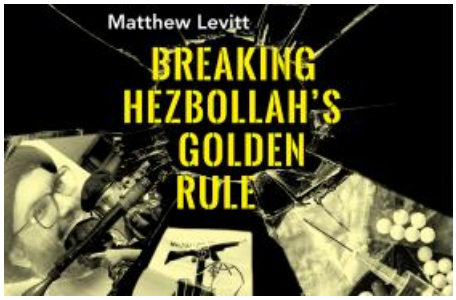

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