UNIVERSITY OF OKLAHOMA

GRADUATE COLLEGE

UNDERSTANDING CORRUPTION IN IRAQ

A THESIS

SUBMITTED TO THE GRADUATE FACULTY

in partial fulfillment of the requirements for the

Degree of

MASTER OF ARTS IN INTERNATIONAL STUDIES

By

SALI MAHDY
Norman, Oklahoma
2016

UNDERSTANDING CORRUPTION IN IRAQ

A THESIS APPROVED FOR THE
COLLEGE OF INTERNATIONAL STUDIES

BY

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Dr. Mark Raymond, Chair

_____
Dr. Joshua Landis

_____
Dr. Robin Grier

For my mother and to the memory of my father

Acknowledgments

I would like to thank my thesis committee: Dr. Mark Raymond, Dr. Joshua Landis, and Dr. Robin Grier, each of whom brought a unique perspective to my research. I am grateful that they generously offered their time, encouragement, guidance, and feedback throughout this process.

I would also like to express my sincere gratitude to my family for providing me with constant support and encouragement throughout the process of researching and writing this thesis. A special thanks to my parents, Dr. Fadel Mahdy and Yathreb Yahya, who have been an immense source of inspiration throughout my life. I cannot thank my parents enough for all that they have taught me and all that they have sacrificed to ensure a brighter future for me. This accomplishment would not have been possible without them.

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Abstract

Thirteen years ago the US invaded Iraq and brought down the brutal dictatorship of Saddam Hussein. While Iraqis have many grievances with the new political elite, pervasive corruption has been a primary focus of public dissatisfaction. Corruption in Iraq is not a new phenomenon; however, since the 2003 US invasion, it has grown in magnitude and has become much more pronounced. The purpose of this thesis is to provide an understanding of corruption in Iraq by drawing on literatures from various academic fields. This work demonstrates that throughout modern Iraqi history the desire to maintain political power has encouraged the use of corrupt practices. Political regimes have been able to consolidate power by appropriating Iraq's oil wealth to the detriment of state development. This work also highlights the need to broaden the current understanding of corruption in Iraq in order to effectively resolve the problem. Overall, this research can be used to understand why corruption has persisted overtime and how difficult it will be to overcome government corruption.

Introduction

Thirteen years ago the US invaded Iraq and brought down the brutal

dictatorship of Saddam Hussein and nostalgia for the infamous tyrant grows every

day. Voices across the spectrum of Iraq's diverse society can be heard expressing

the desire for the return of Saddam.[1] It is remarkable to think that, for some Iraqis,

living under an oppressive dictatorship is preferable to the current government.

While Iraqis have many grievances with the new political elite, pervasive

corruption has been a primary focus of public dissatisfaction. Since the overthrow

of Saddam Hussein, Iraq's public sector has consistently ranked among the most

corrupt countries in the world, according to Transparency International's

Corruption Perceptions Index. The most recent Corruption Perception Index

prepared for 2014 ranks Iraq 170 out of 175 countries.[2]

In the years after the US invasion, Iraq's political system radically

transformed into a representative democracy. To ensure inclusivity, the US

installed a power sharing arrangement to guarantee that all major segments of

Iraqi society would have a stake in the political system. While inclusivity is

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[1] Abu Zeed, Adnan. "Were Iraqis Really Better off under Saddam?" Al-Monitor. February 26, 2016.
http://www.al-monitor.com/pulse/originals/2016/02/iraq-miss-saddam-hussein-rule.html#.
[2] "How Corrupt Is Your Country?" 2014 Corruption Perceptions Index. 2014.
http://www.transparency.org/cpi2014/results#myAnchor2.

important in a society as diverse as Iraq, this political system has contributed to the rising levels of corruption in the country. This political arrangement has guaranteed that the central administrative power is distributed among Sunnis, Shias, and Kurds, but this has not meant that politicians have been working towards the interests of their respective communities. The power sharing system has led to the personalization of public offices and reinforced patterns of patronage, clientelism, and nepotism that have been historically prevalent throughout Iraqi history.

While corruption has been an ongoing issue in the modern Iraqi state, it has received little attention in academic literature. The purpose of this thesis is to provide a much needed understanding of corruption in Iraq. In order to accomplish this I raise three interrelated questions: What can explain the extent of corruption in Iraq? How has corruption affected development? And what role has the international community played in addressing corruption in Iraq, and how can these policies be improved? The following three chapters address these questions by drawing on literatures from various academic fields. The multidisciplinary nature of this work will provide a well-rounded understanding of corruption in Iraq.

The first chapter seeks to explain the extent of corruption in Iraq. It begins by offering a general theoretical framework of corruption. Examining Iraq through this framework reveals that the desire for power drives the political elite to use

corrupt patrimonial practices, including patronage, clientelism, and nepotism.
While patrimonialism has been a regular feature of every governing regime in Iraq,
the corruption that stems from these patrimonial practices seems to have grown in
magnitude under the current political elite.

The second chapter of this work shifts to examine corruption's impact on
development. It specifically focuses on the corrupting influence of Iraq's natural
resource wealth. Throughout Iraqi history, oil rents have reinforced the corrupt
practices of the political elite. Political survival has, in part, depended on the
appropriation of Iraq's oil wealth, which has been used to create and maintain
loyal networks of support. This practice has diverted resources to unproductive
activities and limited the ability of the government to address important
development issues, including education, health, and poor infrastructure.

The last chapter examines the good governance initiatives that have been
an important feature of the anti-corruption frameworks of international
organizations. These initiatives have played a prominent role in international
organizations' strategy for combating corruption in Iraq. A number of initiatives
have been used to increase transparency and accountability and improve anti-
corruption institutions capabilities, yet they have not been effective at combating
corruption. A more effective approach will require international organizations to

widen their views on how Iraq can overcome the significant barriers to the fight

against corruption.

Overall, this work will demonstrate why corruption has persisted over time

in Iraq. It will also demonstrate the difficulties Iraq will face in combating

corruption given its historical persistence. This study will also point to a broader

issue with Iraq's current political system. The power sharing system installed by the

US after the overthrow of Saddam is largely seen by Iraqis as the root cause of

corruption in the country and this is demonstrated by ongoing protests and

persistent calls for a new political system. Given rising public dissatisfaction, a

more efficient political system that satisfies the needs of every community will be

important for Iraq moving forward. This work concludes by examining the

limitations of the study and the possibilities for future research.

Corruption in Modern Iraq

Corruption in Iraq is not a new phenomenon; however, since the 2003 US
invasion, it has grown in magnitude and has become much more pronounced. One
Iraqi aptly described corruption in Iraq like God – omnipresent, you cannot prove
nor can you deny its existence.[3] Corruption is a failure that keeps the government
from functioning properly. Frustrations reached a peak in summer 2015 as
thousands of Iraqis took to the streets to protest the endemic corruption that has
undermined the government's ability to provide basic services to the Iraqi people.[4]
This chapter will attempt to identify the underlying reasons behind the extent of
corruption in Iraq. To gain a better understanding of corruption, we must examine
its historical root causes. In doing so, we find that patrimonial practices and neo-
patrimonial governance models have been utilized throughout the history of the
modern Iraqi state as a method to consolidate power. This form of governance has
relied on clientelism, nepotism, and patronage to maintain personal networks of
loyalty that have undoubtedly contributed to the level of corruption in the country.
Corruption in Iraq today can be seen as a continuation of old policies that are

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[3] Abdul-Ahad, Gaith. "'More Dangerous than Isis': Power Cuts Leave Iraqis Boiling with Rage." The
Guardian. October 5, 2015. http://www.theguardian.com/world/2015/oct/05/iraq-power-cuts-isis-
corruption-electricity?CMP=Share_iOSApp_Other.
[4] "Thousands of Iraqis Protest against Corruption and Power Cuts." The Guardian. August 7, 2015.
http://www.theguardian.com/world/2015/aug/07/iraq-protest-corruption-power-cuts.

designed to establish and strengthen a system of patronage and favoritism

ensuring loyalty and regime continuity.[5]

Theory of Corruption

Patrimonialism is an idea that has been developed extensively by Max

Weber. According to Weber, three types of legitimate authority exist: legal-

rational, traditional, and charismatic.[6] For the purposes of this work I am only

concerned with the legal-rational and traditional types of authority. Legal-rational

authority is a system grounded in law and bureaucratic administration, typically a

characteristic of modern societies. Authority rests on the acceptance of the legality

of rules and the right that people in elected positions of authority have to make

these rules. The bureaucratic administration is hierarchical and positions of

authority within the administration are based on merit rather than personal

connections. Perhaps the most important characteristic is the requirement that

"members of the administrative staff should be completely separated from

ownership of the means of production or administration."[7] This public-private

[5] Ghanim, David. *Iraq's Dysfunctional Democracy*. (Santa Barbara, California: Praeger, 2011), 226.
[6] Weber, Max. *Economy and Society: An Outline of Interpretive Sociology*. Edited by Guenther Roth and Claus Wittich. Berkeley, (California: University of California Press, 2013), 215.
[7] Ibid., 218-219

distinction will be important to the understanding why corruption occurs in modern states.

In contrast the traditional type of authority is derived from the idea of patriarchalism and is characteristic of pre-modern societies. Weber argued that societies relying on traditional forms of authority rooted it in the sanctity of traditional positions and in established customs (particularly rules of inheritance) rather than in modern bureaucratic structures. The ability of an authority figure to dominate not only comes from tradition, but also from the willingness of those around him since he does not possess the capabilities to enforce his rule otherwise. Patrimonialism evolved from the idea of patriarchalism. Weber wrote that, "Previously the master's authority appeared as a pre-eminent group right, now it turns into his personal right, which he appropriates in the same way as he would any ordinary object of possession."[8] The state is appropriated by the ruler and his entourage and the personal networks that infiltrate the state apparatus allow him to control the state and extract resources to maintain his own networks.[9] The economic means of the state, state administration, and military are

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[8] Ibid., 232

[9] Médard, J.-F., "Patrimonialism, Neo-patrimonialism and the Study of the Post-colonial state in Subsaharan Africa", in *Improved Natural Resource Management — the Role of Formal Organisations and Informal Networks and Institutions*. Institute of International Development Studies, Roskilde University, Roskilde (1996): 76-97.

all seized for personal use.[10] Unlike the legal-rational state system, the line between public and private is blurred given that state resources are used as a means to exert power. Authority figures also typically exert control through kin ties, patron-client relationships, and personal allegiances.[11] At the heart of patrimonial power is clientelism and patronage, but can often include tribalism and nepotism as mechanisms of economic and political control.[12]

As countries modernized in the Weberian sense, adopting the qualities found in legal-rational bureaucracies, scholars wanted to understand how states could be modern, yet exhibit the patrimonial characteristics of pre-modern states. In the 1960s Guenther Roth put forward the notion that these new states could be understood through modern patrimonialism.[13] A decade later, expanding on Roth's work, Shmuel Eisenstadt coined the term neo-patrimonialism to offer an explanation of the governing models in newly modernized societies in the Middle East, Latin America, and South East Asia. Eisenstadt recognized that post-traditional nation states or neo-patrimonial regimes developed differently from the

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[10] Achcar, Gilbert, and G. M. Goshgarian. *The People Want a Radical Exploration of the Arab Uprising*. 1st ed. (Berkeley: University of California Press, 2013), 58.
[11] Charrad, Mounira and Julia Adams. 2011. "Introduction: Patrimonialism, Past and Present".*Annals of the American Academy of Political and Social Science* 636. (Sage Publications, 2011), 7.
[12] Médard, J.-F., Patrimonialism, neo-patrimonialism, 88.
[13] Roth, Guenther. "Personal Rulership, Patrimonialism, and Empire-Building in the New States." *World Politics* 20, no. 2 (1968): 194-206.

nation state or revolutionary models of modernity.[14] Neo-patrimonial societies can

best be understood as "societies that have felt the impact of modern states and

have been incorporated into the modern international system differentiating them

from patrimonial societies."[15] Exchanges that once took place within traditional

patrimonial practices are now conducted through and within the modern

apparatus of the state.[16] In neo-patrimonial states patrimonial practices hide

behind the façade of the typical qualities of modern states. Despite these modern

qualities, neo-patrimonial states utilize the same practices of kin ties, patron-client

networks, and personal allegiances that one may observe in pre-modern societies.

This distinction between patrimonial and neo-patrimonial allows us to avoid the

errors of a-historicity, as traditional societies of the past are not comparable to

modern societies today.[17]

Corruption can generally be defined as "the abuse of public office for

private gain."[18] This underlies the Weberian legal-rational distinction between

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[14] Eisenstadt, S. N. *Traditional Patrimonialism and Modern Neopatrimonialism*. (Beverly Hills, California: Sage Publications, 1973), 13.

[15] Clapham, Christopher S. *Private Patronage and Public Power: Political Clientelism in the Modern State*. (New York: St. Martin's Press, 1982), 179.

[16] Herring, Eric, and Glen Rangwala. *Iraq in Fragments: The Occupation and Its Legacy*. (Ithaca, New York: Cornell University Press, 2011), 128.

[17] Médard, J.-F., Patrimonialism, neo-patrimonialism, 83.

[18] "Corruption and Economic Development." Helping Countries Combat Corruption: The Role of the World Bank. September 1, 1997.
http://www1.worldbank.org/publicsector/anticorrupt/corruptn/cor02.htm.

public and private spheres. Therefore, one way to understand how patrimonial

practices can lead to corruption in modern state systems is by examining the

differences between Weber's authority types. Weber did not explicitly write about

corruption in modern states; however, an understanding of corruption can be

inferred by examining the differences between the characteristics of legal-rational

and traditional states.[19] Modern state systems today are considered to be legal-

rational since rule is impersonal, follows a legitimate legal code, and most

importantly, public officials do not use state resources for their own personal gain.

On the other hand, neo-patrimonial states do not necessarily make the same

distinction between public and private given the personalization of public

resources. It is important to note that values of traditional patrimonialism do not

necessarily constitute corruption since this distinction would never arise. A

patrimonial ruler does not see the personal use of public resources as corruption

because he legitimately believes that he has a personal right to these resources.

However, in terms of neo-patrimonialism it "becomes corruption when the

distinction between what is private and what is public is recognized but not

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[19] Graaf, Gjalt De., Patrick Von. Maravić, and Pieter Wagenaar. *The Good Cause: Theoretical Perspectives on Corruption*. (Opladen: Barbara Budrich, 2010), 21.

respected."[20] It is not possible for a neo-patrimonial state to brush aside the concept of corruption since it is built in the principles of a legal-rational state.

While patrimonial practices within a legal-rational or modern state system may lead to corruption, it is important to note that, in terms of Middle Eastern societies, these practices were not always deemed to be corrupt seeing as they previously served a function in society. Patrimonial practices should have disintegrated once modern nation states began to form in the region, however, these traditional practices continued on to infiltrate the framework of the modern nation state. These practices are considered unacceptable or corrupt in terms of Western notions of modernity within a legal-rational framework.

Many tribal qualities of Middle Eastern societies may lead to corruption when certain tribal practices are used within the modern state framework. Before the creation of modern states tribes provided structure to society. Tribes were seen as "a self-contained social organization based on lineage and imbued with autonomy, having social, economic, political, military and cultural functions."[21] One of the practices used within tribal groups to maintain unity was *wasta*. *Wasta*

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[20] Médard, J.-F., Patrimonialism, neo-patrimonialism, 89.
[21] Jabar, Faleh. "Sheikhs and Ideologues: Deconstruction and Reconstruction of Tribes under Patrimonial Totalitarianism in Iraq, 1968-1998." In *Tribes and Power: Nationalism and Ethnicity in the Middle East*. (London: Saqi, 2003), 72.

translates to "the middle" and was used as a means of mediation between clans

within tribes and between other tribes.[22] The *wasta* evolved over time from a tool

for mediation into an intercessory practice. "Intercessory *wasta* is a process in

which a broker uses structural power as a gatekeeper to provide access to

resources unattainable to the other party."[23] The intercessory *wasta* is the modern

face of the traditional *wasta* becoming the prominent way to seek benefits from

the government.[24] While *wasta* served a legitimate mediating function in tribal

societies, as it evolved in a modern setting this practice is viewed as corrupt since

favoritism rather than merit exists at its core. In a modern society services and

employment positions are not necessarily determined by merit, but by personal

connections. For those that do not benefit from *wasta* it can certainly be seen as a

source of nepotism and cronyism because of the personal nature of the practice.

Further, the use of patron-client relationships has been entrenched in

Middle Eastern societies for centuries, "particularly during the Ottoman period

where intermediaries (a'yan) helped facilitate links between public (al-'amma), or

[22] Barnett, Andy, Bruce Yandle, and George Naufal. "Regulation, Trust, and Cronyism in Middle Eastern Societies: The Simple Economics of "Wasta"." (*The Journal of Socio-Economics* 44, 2013), 43.

[23] "'Wasta': Traidic Trust in Jordanian Business." In *The Political Economy of Wasta: Use and Abuse of Social Capital Networking*, edited by M. A. Ramady, by David Weir, David Bamber, and Thomas Brandstaetter. (Springer, 2016), 73.

[24] Al-Ramahi, Aseel. "Wasta in Jordan: A Distinct Feature of (and Benefit For) Middle Eastern Society" (*Arab Law Quarterly* 22, no. 1, 2008), 37.

clients, and political patrons (al-khassa)."[25] During the Ottoman period patron-

client networks represented a stabilizing force in the absence of formal

mechanisms and institutions that ensured government control over the

population.[26] It was not necessarily seen as corrupt, but served a purpose to bring

order to the vast stretches of the Ottoman Empire. This practice was not limited to

the Arab world under the Ottoman Empire, but could also be observed in Iran

under the Safavid and Qajar dynasties.[27] This traditional practice carried over into

the modern state system where it is considered corrupt because state resources

are used to maintain informal networks of political participation. While these are

just a few of the patrimonial practices that have found their way into the modern

state system, they illustrate that these practices once served legitimate functions

that were not necessarily considered corrupt.

Neo-patrimonialism in Iraq

Patrimonial practices have been incorporated into governance since the

inception of the modern Iraqi state. Charles Tripp identifies the resilience of

patrimonialism as one of the dominant narratives of the state.[28] The use of patron-

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[25] MacQueen, Benjamin. *An Introduction to Middle East Politics: Continuity, Change, Conflict and Co-Operation*. (London: Sage, 2013), 181
[26] Denoeux, Guilain. *Urban Unrest in the Middle East: A Comparative Study of Informal Networks in Egypt, Iran, and Lebanon*. (Albany, New York: State University of New York Press, 1993), 36
[27] Ibid., 38.
[28] Tripp, Charles. *A History of Iraq*. 2nd ed. (Cambridge: Cambridge University Press, 2002), 5-6.

client networks throughout society have particularly played an important role in Iraq's political history and has been a way of ensuring what Tripp calls narrative consistency. As Iraq grew rich from oil, it was easier to maintain corrupt patrimonial practices. Oil income reinforced these practices to ensure the majority of the Iraqi population was dependent on the minority at the center of power.[29] The appropriation of state resources to reinforce patrimonial practices has continued to be a vital part of consolidating power among Iraq's current political elite.

Patrimonial practices were introduced into the modern Iraqi state under King Faisal's reign. It was important for King Faisal to build a support base among the Iraqi people seeing as he was considered an outsider and a puppet of the British administration. He was able to use various forms of patronage to co-opt important individuals, including tribal sheikhs, Kurdish chieftains, and Shia mujtahids, into the reward system of the Iraqi state.[30] In doing so King Faisal set the precedent for those that would come after to utilize similar patrimonial practices to garner the support necessary to maintain power.

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[29] Ibid.
[30] Ibid., 51.

Attempts to gain full control of the state through patrimonial practices,

such as clientelism and patronage, were not entirely effective, however, given the

political volatility that persisted until 1968. This political instability and struggle for

power in Iraq is demonstrated by numerous coups, most notably the 14 July

Revolution in 1958 resulting in the overthrow of the Hashemite monarchy and the

17 July Revolution in 1968 that ushered in thirty five years of Ba'ath party rule. The

Ba'ath regime was able to end this cycle of instability by creating an enduring neo-

patrimonial state based on patrimonial practices, including patronage and

clientelism. The Ba'ath regime used the same types of patrimonial practices used

by previous regimes, however, they were able to utilize them in more effective

ways.[31]

The Ba'ath party understood its predecessor's pitfalls and even their own

after the bloodless coup that removed them from power in November 1963. Past

events made them determined to avoid the same mistakes. In the words of

Saddam: "We cannot allow some three or four officers riding on tanks to come and

take power again."[32] Completely aware of the vicious cycle of coups, the engineers

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[31] While the focus of this work is on the use of corrupt patrimonial practices, the use of fear and violence was also important to the Ba'ath regime's survival. The use of repressive tactics is outside the scope of this study; however, it should not be overlooked when determining how the Ba'ath regime was able to effectively consolidate power.

[32] Jabar, Faleh. Sheikhs and Ideologues, 81.

of the 1968 coup created a lasting regime that differed from past forms of rule. The

tribal background of the main figures of the 1968 coup was key to informing their

views on how they would cling to power. Three of the five founding members of

the Revolutionary Command Council (RCC), the governing body of the Ba'ath party,

came from the Albu Nasir tribe in Tikrit.[33] In their search for a way to remedy their

past mistakes they found that they could exploit traditional tribal solidarity to

create a loyal regime that would allow them to consolidate power.[34] It was Khayr

Allah Talfah, Saddam's uncle, who suggested to President Ahmed Hassan al-Bakr

that he needed to rely on family ties to cement his grip on power, arguing that the

Ba'ath party's past experiences proved that party loyalty would not be enough to

do so.[35] Though 'Abd Al-Salam 'Arif had also incorporated his relatives and kin to

consolidate power after the 1963 coup,[36] this time the Ba'athists perfected this

tactic by incorporating tribe and clan more heavily within the regime's structure.

Ba'ath leaders integrated members of the Albu Nasir tribe into key positions of the

institutions of state control, including the military and security services, knowing

that they would adhere to the traditional tribal values of loyalty and honor. While

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[33] Marr, Phebe. *The Modern History of Iraq*. 2nd ed. (New York: Westview Press, 2004), 104.
[34] Jabar, Faleh. Sheikhs and Ideologues, 80.
[35] Dodge, Toby, and Steven Simon, eds. *Iraq at the Crossroads: State and Society in the Shadow of Regime Change*. (London: Oxford University Press, 2003), 95.
[36] Sluglett, Marion, and Peter Sluglett. *Iraq since 1958 from Revolution to Dictatorship*. (London: I.B. Tauris, 1990), 219.

Ba'athists used traditional tribal relationships to ensure solidarity and cohesion, the nature of the relationship transformed into a bureaucratic/clientele system due to newly incorporated service-money relations.[37] If somehow tribal solidarity would not be enough to maintain loyalty, the provision of economic and political power would certainly be enough to buy their loyalty.

Under Saddam Hussein's regime tribal and clan patronage would continue to be important as he developed additional solidarity networks. Saddam incorporated other Tikriti tribes and tribes of the Sunni triangle as second and third circles of protection.[38] The loyalty of various Tikriti tribes were important for Saddam's security and political dominance. Members of several Tikriti tribes filled sensitive positions within the armed forces, Republican Guard, and internal security. While Tikritis were prominent within the armed forces and internal security, they were less visible within the hierarchy of the Ba'ath party, especially the lower levels of the party. The regime allowed Shia members to dominate the lower and middle levels to give them a sense of participation in running the party, while key positions at the upper levels were dominated by Tikritis.[39]

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[37] Jabar, Faleh. Sheikhs and Ideologues, 82.
[38] Dawood, Hosham. "The 'State-ization' of the Tribe and the Tribalization of the State: The Case of Iraq." In *Tribes and Power: Nationalism and Ethnicity in the Middle East*. (London: Saqi, 2003), 121.
[39] Dodge and Simon, eds. *Iraq at the Crossroads,* 105.

In terms of the tribes from the Sunni triangle, their relationship under the Ba'ath and Saddam was a volatile one. These tribes experienced shifting policies, from marginalization to integration to eradication.[40] After initial Ba'ath opposition to tribes, announcing rejection of tribalism as remnants of colonialism,[41] Saddam found it politically convenient to manipulate the regime's relationship with these tribes. During the 1980s, Saddam bought the loyalty of tribal elders and sheikhs by providing services, money, and goods in exchange for their help with recruiting men to fight the Iran-Iraq war.[42] By the 1990s, the strategy of courting Sunni tribes created increasingly serious costs for the regime. Not only did intertribal conflict increase, as they received powerful artillery through the regime,[43] but tribally-organized coups were attempted by Republican Guard officers from the Dulaymi, Ubyadi, and Jiburi tribes.[44] As tribes grew to be a threat to Saddam, he cracked down on them to force subservience.

While family, clan, and tribal loyalty were important for Saddam's consolidation of power, over time he incorporated nearly every community in Iraq

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[40] Charrad, Mounira. "Central and Local Patrimonialism: State-building in Kin-based Societies" (*Annals of the American Academy of Political and Social Science* 636. 2011), 61-64.
[41] Baram, Amatzia. "Neo-tribalism in Iraq: Saddam Hussein's Tribal Policies 1991-96" (*International Journal of Middle East Studies* 29 no.1, 1997), 1.
[42] Hashim, Ahmed. "Saddam Husayn and Civil-military Relations in Iraq: The Quest for Legitimacy and Power" (*Middle East Journal* 57, no. 1, 2003), 31.
[43] Charrad, Mounira. 2011. Central and Local Patrimonialism, 64.
[44] Hashim, Ahmed. 2003. Saddam Husayn and Civil-military Relations in Iraq, 32.

into his network of patronage, including Shias and Kurds. Patronage was not exclusively limited to the Sunni Arab north-west, but large numbers of people from different communities were rewarded with positions of influence, special access to housing, and material resources in exchange for their loyalty.[45] The network of clients also extended beyond those who joined the Ba'ath party to include even those outside of the party as long as they continued to support Saddam's regime. Through an examination of an archive of government documents, Joseph Sassoon uncovers the different rewards system that co-opted a large portion of the Iraqi population.[46] Sassoon highlights the hierarchical nature of the rewards system where different medals and badges corresponded with certain privileges. The more medals or badges a person had the higher the rewards, which included money, land, jobs, and pensions.

Inherited Corruption

Iraq, in its current state, represents a classic example of a neo-patrimonial regime. While some have claimed that its evolution from patrimonial to neo-patrimonial took place after the 2003 US invasion,[47] it can be argued that it has

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[45] Tripp. *A History of Iraq,* 226.
[46] Sassoon, Joseph. *Saddam Hussein's Ba'th Party: Inside an Authoritarian Regime*. (Cambridge: Cambridge University Press, 2012), 206.
[47] Achcar and Goshgarian. *The People Want*, 59.

always been neo-patrimonial given that patrimonial practices have been

incorporated into the modern Iraqi state system since its creation in order to

consolidate power. After the overthrow of Saddam, the new political elite

continued to use the same practices historically used to maintain power.

Nepotism, favoritism, patronage, and clientelism have persisted as tools to

consolidate power for virtually every political party operating in Iraq. While these

practices have been used by governments throughout Iraqi history, the extent of

corruption in Iraq today has reached unprecedented levels, leading some to claim

that corruption has worsened post-Saddam.[48] However, this legacy of pervasive

corruption, though a recent creation, is largely seen to have been inherited by the

new regime in Iraq.[49]

It is important to note, that while corruption was inherited by the new

regime, corruption under Saddam only intensified and became more pronounced

after the effects of two devastating wars and economic sanctions. Saddam did

appropriate state resources, which given the framework of corruption presented in

this chapter, still represents a corrupt act. However, perceptions of corruption

were low during the early years of the Ba'ath regime, which is attributed to

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[48] Anwar, Omar. "Iraq: Anti-Corruption Head Gets Tough on Officials." CorpWatch. March 5, 2005.
http://www.corpwatch.org/article.php?id=12064.
[49] Ghanim, David. In *Iraq's Dysfunctional Democracy*, 214.

Saddam's commitment to development and high living standards. The Ba'athist

government was constantly involved in construction and infrastructure projects

that provided employment and increased standards of living to justify its rule.[50]

During this time, perceptions of corruption in Iraq were low since increased living

standards worked to distract the public from the fact that Saddam was

appropriating the state's wealth. Also, under Saddam's rule there were few

instances of corruption in lower levels of government. Saddam's regime

"monopolized corruption and restricted access to wealth and power, thereby

limiting opportunities for corruption."[51] The greatest deterrent from corruption,

however, were Laws 8 and 52 which made receiving bribes or commissions

punishable by death.[52] Saddam made an example of two deputy ministers who

were accused of taking bribes by publicizing their execution as a warning to those

within and outside government.[53]

Corruption in Iraq gradually became more pronounced after the state

began to deteriorate from the effects of the Iran-Iraq war and more so after the

Gulf war and burden of economic sanctions. Substantial effects on the Iraqi state

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[50] Al-Ali, Zaid. *The Struggle for Iraq's Future: How Corruption, Incompetence and Sectarianism Have Undermined Democracy*. (Yale University Press, 2014), 191.

[51] Ghanim, David. *Iraq's Dysfunctional Democracy*, 213.

[52] Aburish, Said. *Saddam Hussein: the Politics of Revenge.* (Bloomsbury, 2000), 109.

[53] Ibid.

were felt four days into the Iran-Iraq war as Iran attacked Iraq's oil facilities forcing

output to decline from 3.4 MBD in August 1980 to .140 MBD just two months

later.[54] Revenue declined from $26.1 billion in 1980 to $10.4 billion in 1981,

reducing the contribution of oil sector to gross national product (GNP) from two-

thirds in 1980 to only one-third in 1981.[55] The destruction of the oil infrastructure

reduced revenue from Iraq's most important economic sector, forcing the

government to adopt austerity programs and halt all development projects that

were not related to the war. During this period, Iraq began to lose gains it had

made in economic development in the previous decade. By the end of the war Iraq

was $42 billion in debt to Arab and foreign countries, the Iraqi dinar was weak, and

infrastructure was destroyed.[56] Worst of all, oil prices were deteriorating from an

average high of $32 per barrel in 1981 to an average of $12-$14 in 1988.[57]

Desperate for a solution to Iraq's economic crisis, Saddam Hussein made

the decision to invade Kuwait on August 2, 1990, which led to further destruction

of the Iraqi economy. The rationale behind annexing Kuwait was that Iraq's oil

reserves would double, oil production quotas would increase from 3.1 MBD to 4.6

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[54]Alnasrawi, Abbas. *The Economy of Iraq: Oil, Wars, Destruction of Development and Prospects, 1950-2010*. (Westport, CT: Greenwood Press, 1994), 80.
[55] Ibid.
[56] Sassoon, Joseph. *Saddam Hussein's Ba'th Party,* 241.
[57] Ibid., 242.

MBD, oil income would increase from $38 billion to $60 billion, debts would be

paid off in five years, and most importantly Iraq would be able to increase

spending on development projects and imports.[58] However, this dream was cut

short as the United Nations Security Council Resolution (UNSCR) 660 was passed

on the day of the invasion condemning Iraq's actions and four days later UNSCR

661 was passed imposing mandatory sanctions and embargo on Iraq. UNSCR 661

would cause Iraq to plunge into a deeper economic crisis as it was completely

dependent on the world market for oil exports, consumer goods, raw materials,

foreign exchange earnings, import of food, and technology.[59] The embargo shut off

ninety percent of imports and ninety-seven percent of exports, costing the

economy an estimated $17 billion in the six month period before the January 1991

bombing of Iraq.[60] The bombing of Iraq decimated not only military infrastructure,

but civilian infrastructure, hospitals, transport and communication networks,

industrial plants, oil facilities, and power stations.[61] A special United Nations (UN)

mission revealed that the conflict caused "…near-apocalyptic results upon the

economic infrastructure of what had been, until January 1991, a rather high

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[58] Alnasrawi, Abbas. *The Economy of Iraq,* 118.
[59] Ibid.
[60] Ibid., 119.
[61] Ibid.

urbanized and mechanized society. Now, most means of modern life support have

been destroyed or rendered tenuous."[62]

The UN sanctions extended over a period of thirteen years greatly

damaging Iraqi society and the Iraqi economy. Sanctions precipitated a drastic

decline in living standards and public services evident in increased poverty,

malnutrition, infant mortality, and starvation. All sectors of society were affected.

GDP plummeted, inflation and unemployment increased, and the Iraqi dinar

collapsed.[63]

Corruption began to flourish in Iraq during this desperate period, as Ghanim

explains:

> Deteriorating living standards resulting in the decimation of the middle
> class gradually led to widespread corruption. This corruption was also
> motivated by a decline in the capacity of the state during the 1990s.
> During this time the regime itself became highly corrupt and turned into a
> mafia-style rule where the president, his family, and his relatives engaged
> in high profiteering from oil smuggling and a flourishing black market. As
> such, corruption became uncontrollable in light of an increasingly
> narrowing social base of the regime.[64]

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[62] United Nations Security Council. *Report to the Secretary-General on Humanitarian Needs in Kuwait and Iraq in the Immediate Post-Crisis Environment by a Mission to the Area Led by Matti Ahtisaari, Under Secretary-General for Administration and Management.* March 20, 1991*, 5.*
[63] For a detailed survey of sanction consequences on the Iraqi economy and human welfare, see Abbas Alnasrawi, "Sanctions and the Economy." In *Iraq's Burdens: Oil, Sanctions, and Underdevelopment*, 93-116. Westport: Greenwood Press, 2002.
[64] Ghanim, David. *Iraq's Dysfunctional Democracy*, 213.

Corruption took on a new form in 1996 when Iraq began to sell oil under the UN's

Oil for Food Programme. Iraq was allowed to sell enough oil to provide food and

medicine that would alleviate the humanitarian crisis caused by the sanctions. The

regime, however, exploited the program to pocket billions in kickbacks and

surcharges at the expense of the Iraqi people. "Illicit Iraqi income from surcharges

on oil sales and kickbacks on humanitarian purchases would represent between

$268 million and $7.5 billion according to different estimates."[65] This income not

only served to consolidate patronage networks domestically, but functioned as a

reward system internationally through oil vouchers provided as gifts, commissions

for services, or in payment for goods to foreign companies and influential

individuals to lobby for an end to sanctions and normalization of relations with

Iraq.[66] The corruption associated with patronage, clientelism, and nepotism

intensified during this period and would spill over into post-Saddam Iraq.

Post-conflict governing structures are often weak in terms of financial,

fiscal, administrative and regulatory capacities which makes the state more prone

to capture by privileged elites with access to power and resources.[67] This was

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[65] Le Billon, Philippe. "Corruption, Reconstruction and Oil Governance in Iraq." (*Third World Quarterly* 26, no. 4-5 2005), 693.
[66] Ibid.
[67] United Nations Development Programme. "Supporting Iraqi Compliance with the United Nations Convention Against Corruption (UNAC) and Combating Corruption at the Governorate Level." (2010), 7.

precisely the case in Iraq after the 2003 US invasion. The culture of corruption

intensified with the substantial influx of aid and reconstruction money, and state

building resources, coupled with the easing of international sanctions, weak

oversight, poor management, and disorganized government.[68]

Once the authoritarian control of power and resources by the Ba'ath was

gone, greed and power struggles of the new political elite emerged to make power

grabs taking as much money and assets as possible to boost power.[69] To make

matters worse, a *muhasasa* or power-sharing system was imposed on Iraq by the

US occupation. The power-sharing system is meant to prevent conflict between

Iraq's diverse societies by giving everyone a stake in the political system; however,

the problem with this system is that each political group treats awarded ministries

as personal fiefdoms, "using it to skim money and to award ministerial positions to

party loyalists and important constituents."[70] The old corrupt practices of past

regimes were never challenged, instead they have been incorporated in Iraq's new

political system.

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[68] Cordesman, Anthony H., and Sam Khazai. *Iraq in Crisis*. (Rowman & Littlefield. 2014), 133.
[69] Ibid., 132.
[70] Younis, Nussaibah. "Iraq's Prime Minister Abadi Stuck Between Parliament and Protesters at the Gates." Atlantic Council. April 12, 2016. http://www.atlanticcouncil.org/blogs/new-atlanticist/iraq-s-prime-minister-abadi-stuck-between-parliament-and-protesters-at-the-gates

Patronage, clientelism, and nepotism are still very much a way for the elite to maintain power. The use of patronage and clientelism are tactics utilized throughout Iraq's political system. In a way it is worse than it was under Saddam, since resource distribution is not through an individual or party, but many parties. All political parties use their access to state resources to create vast webs of patron-client networks. Parties actually compete for positions in the most resource rich state institutions, seizing resources for themselves and their support base. The benefits, jobs, and security provided by political parties in the absence of a properly functioning Iraqi state has made the reliance on these kinds of patrimonial relationships even more important.

Prime Minister Nouri al-Maliki's eight year rule best exemplifies the continued use of corrupt patrimonial practices post-Saddam. Buying public loyalty and consolidating power and resources was an important part of Maliki's rule. Much like Saddam, Maliki built personal relationships within important institutions to consolidate power. As head of Iraq's government, he was able to create strong influences on security institutions, armed forces, independent institutions, and Iraq's judiciary given that he had more resources and more complex networks of

patronage at his disposal.[71] During the 2010 parliamentary election, Maliki's

coalition lost to Ayad Allawi's bloc, prompting Maliki to demand a recount alleging

fraud. He used his connections with his sister-in-law, Hamdiya al-Hussaini, at the

Independent High Electoral Commission, the body tasked with supervising

elections, to push for a recount. Also, much like Saddam, Maliki used state

resources to buy the loyalty of the Iraqi public. During the 2014 elections, video

surfaced of a member of parliament from Maliki's State of the Law Coalition telling

a group of farmers that he was sent by then Prime Minister Maliki to give them

plots of land in exchange for their votes for his coalition.[72] Maliki also routinely

hired unqualified family members for positions within the government. After

Maliki's reelection in 2010, he appointed his son, Ahmad al-Maliki, as head of the

prime minister's office and his sons-in-law played prominent roles in the

intelligence services.[73]

Within Iraq's public sector nepotism is also a common practice. There are

countless cases of parliament members hiring family for government positions. For

example, former vice president Tariq al-Hashimi's office was run by his daughter

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[71] Al-Qarawee, Harith. "Iraq's Dysfunctional Elite." Al-Monitor. August 9, 2013. http://www.al-monitor.com/pulse/originals/2013/08/iraq-political-elites-dysfunction-electricity-shortage-fraud.html#.
[72] Al-Qarawee, Harith. "Iraqi MP Fined for Offering Land for Votes." Al-Monitor. May 15, 2014. http://www.al-monitor.com/pulse/originals/2014/05/iraq-rise-political-patronage.html.
[73] Ramzi, Kholoud. "Nepotism Runs Deep in Iraqi Politics." Niqash. July 21, 2011. http://www.niqash.org/en/articles/politics/2868/

Rasha, who was assisted by his nephew and former speaker of parliament

Mahmoud al-Mashhadani's office was run by his sons and was known for

promoting his wife's political ambitions.[74] Unqualified public sector employees are

routinely hired on the basis of sectarian, political, and family ties. This practice

began in 2003 with the US handover of Iraqi Ministries to the Iraqi Governing

Council. Council members chose relatives to become ministers, which they in turn

packed with party and personal affiliates.[75] This practice repeats itself with every

election as the prime minister assigns ministries to different politicians. As a result,

ministries function as fiefdoms rather than true state institutions.[76] Forged

university degrees are purchased my most of the hires, since they are unqualified

for government jobs. The Interior Ministry has admitted that some 9,000 forged

university degrees have been purchased by prominent civil servants.[77] An

investigation by the Iraqi Integrity Commission and the Ministry of Justice also

found some 20,000 to 50,000 government employees obtained their positions

[74] Ramzi, Kholoud. Nepotism Runs Deep in Iraqi Politics.
[75] Herring and Rangwala. *Iraq in Fragments,* 129-130.
[76] Bertelsmann Transformation Index, 2012. Iraq Country Profile. Bertelsmann Foundation. 2012. http://www.bti-project.org/reports/country-reports/mena/irq
[77] Schweitzer, Matthew. "The Destruction of Iraq's Intellectuals." Al Jazeera English. October 1, 2013. http://www.aljazeera.com/humanrights/2013/10/destruction-iraqs-intellectuals-2013101114937748151.html.

using forged degrees.[78] Unqualified and inexperienced staff have hampered the efficiency of the government and its ability to provide basic services to the public.

While it may seem that corruption has become worse post-Saddam, it is difficult to prove with quantifiable evidence. This is due, in part, to the lack of data. For example, Transparency International's Corruption Perceptions Index only provides scores for 2003-2014. Even if it did provide information for Saddam era corruption, the methodology used to measure perceptions of corruption will not allow for comparisons across time. The World Bank's Worldwide Governance Indicators provide data for perceptions of corruption from 1996-2014 and while this data is comparable across years, the 1990s was the most corrupt period under the Ba'ath regime. Using this information would not provide an accurate comparison as it would overstate Ba'ath era corruption. It is also difficult to gauge the cost of corruption to determine which regime was more corrupt. There are no estimates for how much corruption has cost Iraq over the timespan of the Ba'ath regime. There are estimates for corruption during the period of economic sanctions, but they do not offer a clear picture as estimates vary from $268 million and $7.5 billion. In terms of the cost of corruption under the current political

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[78] Ramzi, Kholoud. "Iraq Gets Tough on Fake Qualifications, up to 50,000 Jobs at Risk." Niqash. April 18, 2011. http://www.niqash.org/en/articles/society/2821/.

regime, estimates range from $300 to $350 billion.[79] While these estimates are

important to understand the magnitude of corruption post-Saddam, without

estimates of corruption under Ba'ath rule these numbers will not provide a helpful

understanding of differences in corruption. Given the lack of quantifiable data, the

best alternative to gauge the differences in corruption is through the anecdotal

evidence provided above and throughout the remaining chapters.

The extent to which corruption has spiraled out of control can best be

illustrated by an interview with Iraqi politician Misha'an al-Juburi. Juburi confessed

that, from top to bottom, the entire Iraqi political class is corrupt, including

himself.[80] He admitted that members of the Commission of Integrity, one of the

independent bodies tasked with fighting corruption, routinely agree to close

corruption files in exchange for bribes and shamelessly admits to have taken

millions of dollars in bribes to do the same. He also admitted that, "If a child goes

to bed hungry or if an Iraqi dies due to lack of medicine, it is because of the

politicians in the Green Zone."[81] Juburi also observed that if the public knew how

extensive corruption was they would burn the Green Zone to the ground. Despite,

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[79] Morris, Loveday. "Beyond Terrorism, Iraq's Leader Is Struggling to Fight Corruption." Washington Post. August 21, 2015. https://www.washingtonpost.com/world/middle_east/beyond-terrorism-iraqs-leader-is-struggling-to-fight-corruption/2015/08/20/d84c87b2-45f6-11e5-9f53-d1e3ddfd0cda_story.html.
[80] Al-Maliki, Ibrahim. Interview with Misha'an al-Juburi. *Sa'at Hewar.* Aletejah, January 27, 2016.
[81] Ibid.

his admissions Juburi is unlikely to be held accountable because he is protected by parliamentary immunity. An absolute majority in parliament could vote to strip him of his immunity; however, this is unlikely. If Juburi is prosecuted he will inevitably release the corruption files he holds on other politicians, creating a domino effect that could take down Iraq's entire political class. The fact that a politician can publicly admit that the entire political system is corrupt without fear of repercussions demonstrates the extent of corruption in Iraq today.

Conclusion

Throughout the modern history of Iraq, corrupt patrimonial practices, including patronage, clientelism, and nepotism have been used as methods to consolidate power. State resources have been routinely appropriated by governing regimes in Iraq in order to support these practices. These methods were used during King Faisal's reign in the early years of the Iraqi state and are still utilized as methods to maintain power in Iraq today. However, the corruption that stems from these practices seems to have grown in magnitude under the post-Saddam political elite. This can be attributed, in part, to the chaos that ensued after the 2003 US invasion that made the state prone to state capture by the elites with access to power and resources. Political dynamics in Iraq also changed allowing for a larger political elite, which has led to competition for the state resources that

help maintain power. The resulting corruption in Iraq today can be seen as a

continuation of the old corrupt practices of past regimes that are designed to

ensure regime continuity.

Political Survival and the Resource Curse

Iraq is one of the least developed countries in the Middle East, despite having the world's fifth largest oil reserves. The Human Development Index (HDI) can be used as an indicator to understand the extent of development.[82] The HDI assesses development by incorporating proxies for three ends of development including, health, knowledge, and standard of living and is measured on a scale of 0 (low development) to 1 (high development). According to the 2015 HDI report, Iraq ranks 121 out of 188 countries with a score of .654.[83] Regionally Iraq performs poorly, ranking 15 out of 19 Middle Eastern and North African (MENA) countries. Iraq falls behind a number of resource poor countries, including Lebanon (.769), Jordan (.748), and Egypt (.690). According to the regional ranking, oil and gas rich countries, including Qatar (.850), Saudi Arabia (.837), United Arab Emirates (.835), Bahrain (.824), Kuwait (.816), and Oman (.793) all rank at the top of the regional HDI.[84] It may be reasonable to assume that the abundance of natural resources in these Gulf countries helped foster high rates of development. Given Iraq's abundance of oil it

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[82] While it is impossible to perfectly measure development, the HDI is useful because it moves beyond measures of economic wealth, which taken alone does not necessarily depict an accurate picture of development, since it is a means not an end in itself. It is anchored in the work of Amartya Sen's "capabilities" approach to development.

[83] *Human Development Report 2015.* Report. 2015. http://hdr.undp.org/sites/default/files/2015_human_development_report_1.pdf.

[84] These countries also rank fairly high globally, classified as very high human development or high human development countries.

seems that it should rank closer to the rest of the resource rich countries in MENA.

A number of factors can explain the extent of development, including political corruption. It is the goal of this chapter to understand how corruption has contributed to slow development in Iraq. Since the overthrow of Saddam Hussein in 2003, an estimated $350 billion of government funds have disappeared due to corruption, making it a considerable obstacle for development and growth in Iraq.[85] One of the major corrupting influences in Iraq are oil rents. Throughout history Iraq's oil wealth has reinforced the corrupt practice of patronage among its political class. This chapter focuses on the challenges to development posed by the resource curse, specifically through patronage. This corrupt practice has, in part, limited the ability of the government to address development issues, including poor infrastructure, education, and health. It is important to note, however, that many factors have contributed to the slowdown in development, including the consequences of three decades of war, economic sanctions, economic mismanagement, political conflict, and currently low oil prices and a war with the Islamic State. Each of these factors have been considerable obstacles to development and may explain why Iraq has developed slower than its oil-rich neighbors. While these factors are not the focus

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[85] Younis, Nussaibah and Sali Mahdy. "Iraq: The Fragile Economy of a Fragile State." Atlantic Council. September 30, 2015. http://www.atlanticcouncil.org/blogs/menasource/iraq-the-fragile-economy-of-a-fragile-state.

of this chapter, it is important to recognize that corruption is not the sole problem

that Iraq faces in terms of development.

Self-interested vs. Strategic Elite

Oil is the essence of the Iraqi economy. Around 60 percent of Iraq's GDP is

generated by oil and makes up around 90 percent of government revenues.[86] While

it makes intuitive sense to believe that having such a valuable resource would lead

to higher economic growth and development, this is not necessarily the case for Iraq

or developing countries in general. An abundance of natural resources can

negatively influence development and economic growth.[87] Since the 1980s, a large

scholarly literature has suggested that an abundance of natural resources can

actually lead to increases in the likelihood of negative economic, political, and social

outcomes including poor economic performance, low levels of democracy, and civil

war.[88] In 1993 Richard Auty coined the term "resource curse" to describe the

phenomenon in which resource rich countries do not benefit from favorable

endowments and that they may actually perform worse than resource poor

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[86] "About Iraq." UNDP in Iraq. http://www.iq.undp.org/content/iraq/en/home/countryinfo.html.
[87] It is important to note that the type of natural resource may impact the level of corruption. Isham et al. (2005) have demonstrated that "point source" resources (oil, mineral, and plantation crops) are more disadvantageous than "diffuse" resources (agricultural produce) because they generate higher rents that are more attractive to a political elite.
[88] Rosser, Andrew. "The Political Economy of the Resource Curse: A Literature Survey." (*Institute of Development Studies*, Working Paper 268, 2006), 7.

countries.[89] Academic theories about the mechanisms of the resource curse can be distinguished in three phases: first, since the 1970s the rentier state theory put forth by political scientist argues that resource sectors and resource rents negatively impact the capacity of the state; second, during the 1980s and 1990s, the theory of Dutch disease was widely used to explain how other economic sectors important for growth are crowded out by the natural resource sector; third, since 2000, several political economy models have been created, in the spirit of the rentier sate, exploring specific mechanisms that confirm that the process can be individually rational for actors.[90] While the rentier state and Dutch disease theories are important to understand the impacts of natural resources, for the purposes of this work I will focus on how corrupt practices can lead to a resource curse.

Natural resources generate extraordinary rents that tend to be concentrated in the hands of the political elite. These resource rents are more easily appropriated by the elite, especially if transparency and monitoring mechanisms are weak. Since resource rents are more easily appropriated than any other source of wealth, power struggles are more prevalent in resource rich countries as "…potential challengers have a stronger incentive to seek to replace the existing government by coup d'états,

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[89] Auty, R. M. *Sustaining Development in Mineral Economies: The Resource Curse Thesis*. London: Routledge, 1993.
[90] Caselli, Francesco, and Tom. Cunningham. "Leader Behaviour and the Natural Resource Curse." (*Oxford Economic Papers* 61, no. 4 2009), 629.

or other forms of forced change in leadership."[91] In light of possible power struggles,

members of the political elite are faced with the decision to either use resource rents

for self-enrichment or for economic growth and development. The decision may

depend on whether those in power are a self-interested or strategic elite.[92] The self-

interested elite are more inclined to use resource rents to shore up political control.

Patronage is one mechanism the political elite can use if the chances of losing power

are high. A resource curse occurs when resource revenues are shifted away from

productive activities into inefficient activities, like patronage, that would allow them

to maintain power.[93] This can be accomplished by buying votes or political support,

increasing public sector employment and wages, or other valuable benefits to the

public. The consequences of using patronage practices to stay in power is the

inefficient allocation of public resources that reduce investments in developing

human capital, the non-resource economy, and infrastructure.

While a combination of high resource rents and a desire to stay in power

under a self-interested elite may result in a resource curse, under a strategic elite

resource rents may be more of a blessing. A strategic elite will be more inclined to

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[91] Caselli, Francesco. "Power Struggles and the Natural Resource Curse," (LSE Research, London School of Economics, 2006), 1.
[92] Caselli, Francesco, and Tom Cunningham. Leader Behaviour and the Natural Resource Curse.
[93] Ibid., 630.

use resource wealth to please the public in order to stay in power longer.[94] This is possible if resource rents are invested in productive activities, including the social provisioning of education, health, and housing. In this instance, resource rents help justify the rule of the elite by increasing living standards. While resource rents function similarly to help the self-interested and strategic elites maintain power, the strategic elite's approach provides a benefit to society.

Patronage and Development in Iraq

As the previous chapter demonstrated, Iraq has had a long history of using corrupt patrimonial practices to consolidate and maintain power, including patronage. Iraq's oil wealth has been the primary way in which past and current regimes have been able to hold on to power. During the Ba'ath regime, however, oil seemed to be less of a curse than it is today. The nationalization of the oil industry in 1972 and increase in oil revenues led to an accumulation of great wealth under the Ba'ath regime. While Saddam did appropriate this wealth to create and maintain patronage networks, he made development a priority because higher living standards would justify Ba'ath party rule.[95] A sizeable portion of oil revenue was

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[94] Ploeg, Frederick Van Der. "Natural Resources: Curse or Blessing?" (*Journal of Economic Literature* 49, no. 2 2011), 382.
[95] Al-Ali, Zaid. *The Struggle for Iraq's Future: How Corruption, Incompetence and Sectarianism Have Undermined Democracy*. (Yale University Press, 2014)*,* 191.

invested in subsidized public services into the 1980s. As a result, "public health, education, drinking water and sanitation system were maintained at fairly high levels of quality, often by expatriate technical personnel."[96] Iraq's healthcare and education systems were actually considered to be one of the most advanced in the region functioning at first world standards. The healthcare system was fully subsidized, high quality, and expanded to cover the majority of the population without discrimination.[97] More than 250 hospitals were established, with an extensive network of primary healthcare facilities leading to dramatic improvements in health. Infant mortality rates fell from 117 per live births in 1960 to approximately 40 by 1989 and life expectancy rose from 49 to 67 years.[98] Similarly, Iraq's education system was unique to the Middle East and was considered to be comparable to Western education. This was due, in part, to the ideology of the Ba'ath regime that emphasized the importance of education. The Ba'ath believed that through education individuals would awaken to the necessity of Arab unity.[99] Between 1970 and 1984 Iraq's education system achieved a number of accomplishments unique to the Arab world, including gross enrollment rates close to 100 percent, the lowest

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[96] Sen, Biswajit. *Iraq Watching Briefs: Overview Report*. Report. (UNICEF, 2003), iii.
[97] Ibid., 21.
[98] Alwan, Ala'din. *Health in Iraq: The Current Situation, Our Visions for the Future and Areas of Work*. Report. 2nd ed. (Ministry of Health, 2004), 20; Levy, Barry S., and Victor W. Sidel, eds. *War and Public Health*. (New York: Oxford University Press, 1997), 255.
[99] Roy, Delwin. "The Education System of Iraq." (*Middle Eastern Studies* 29, no. 2 1993), 167.

dropout rates in the Middle East and North Africa, and a decline in illiteracy to 10 percent among the 15-45 age group.[100] The Iran-Iraq war, Gulf war, and economic sanctions, however, wiped out most of Iraq's progress in economic growth and development. There is no way to know for sure if improvements in development would have continued to be a part of the Ba'ath's strategy, but Iraq's invasion of Kuwait is a good indication that it would have continued to be used as a method to stay in power. Iraq's reasoning for the Kuwait invasion was, at least in part, to increase oil reserves, production and revenue to continue development projects.[101] After the economic sanctions were imposed on Iraq, Ba'ath survival could no longer depend on pleasing the public through high standards of living, since resources were unavailable to do so. As the previous chapter illustrated, the Ba'ath regime exploited the UN Oil for Food Programme to pocket billions in kickbacks and surcharges, which supported domestic as well as international patronage networks to maintain power.[102] During this desperate period, the regime shifted from a hybrid of self-interested and strategic to a solely self-interested regime to hold on to power.

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[100] Shanks, Kelsey. *Education and Ethno-Politics Defending Identity in Iraq.*(Florence: Taylor and Francis, 2015), 40
[101] Alnasrawi, Abbas. *The Economy of Iraq,* 118.
[102] Le Billon, Philippe. "Corruption, Reconstruction and Oil Governance in Iraq." (*Third World Quarterly* 26, no. 4-5 2005), 693.

The post-Saddam political elite can be viewed as a self-interested elite. They have, for the most part, diverted oil rents away from development toward self-enrichment or to maintain networks of support to stay in power. High volumes of oil revenue and weak transparency and accountability mechanisms have increased patronage practices by the political elite. While the Ba'ath regime did use patronage as a way to maintain power, it seems the use of this practice by the post-Saddam political elite has had a greater negative impact. Historically the control of Iraq's oil wealth was concentrated in the hands of a few within the political elite. After the fall of the Ba'ath regime political dynamics in Iraq changed allowing for a large number of political groups to compete for oil wealth to maintain political control. As a result of this larger political elite, more groups are competing for rents and consequently stretching Iraq's oil wealth thin. In order to access government coffers, Iraq's political elite have designed creative ways to appropriate oil wealth. Legally, their schemes to appropriate revenue include mass employment, increasing the number of government ministries, and regulating party financing.[103] The political elite also appropriate resources through illegal means, including contract rigging, ghost employment and double dipping, and oil smuggling.[104] It is important to note

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[103] Wahab, Bilal A. "Oil Federalism in Iraq: Resource Curse, Patronage Networks and Stability. Case Studies of Baghdad, Kurdistan and the Advent of ISIS." (PhD diss., George Mason University, 2015), 252.
[104] Ibid.

that while patronage that directly gives money to individuals in exchange for support is a form of corruption, patronage that legally provides public sector jobs or increases wages is not necessarily considered corrupt. It does, however, become a form of corruption when, in exchange for support, unqualified individuals are given jobs on the basis of religious or ethnic affiliation. The prominent use of this form of patronage has caused Iraq's public sector to become extremely bloated and inefficient. Instead of inefficiently allocating resources to create public sector jobs or directly paying for support, oil rents could be channeled towards development projects that would benefit society as a whole rather than just the patron and his client.

The actions of the self-interested Iraqi political elite can, at least in part, explain Iraq's slow development after the fall of the Ba'ath regime. Oil rents are routinely diverted away from growth-producing activities towards activities that shore up political control. This has led to the neglect of much needed development in the aftermath of wars and crippling economic sanctions. Since development has largely been neglected by the self-interested elite, a number of problems that plagued the country in the decades prior to the overthrow of Saddam continue to this day, including the provision of public goods and Iraq's crumbling infrastructure.

Electricity shortages have been a constant concern for Iraqis post-Saddam. Officials have claimed that $37 billion has been used to address power production in the country, yet the majority of Iraqis only get electricity for just five hours a day.[105] Iraqis largely rely on private generators to meet electricity needs and consider the necessity of generators to be the ultimate mark of corruption in the energy sector given the government's failure to provide power.[106] Electricity shortages not only impact the Iraqi public, but also cost the Iraqi economy an estimated $40 billion a year by hampering industrial development.[107] One factor that can explain the lack of improvements in electricity infrastructure is corruption in the Ministry of Electricity. In one case the Minister of Electricity, Raad Shalal, was forced to resign after he was accused of embezzling billions by signing contracts with a Canadian shell company and a German firm that had declared bankruptcy.[108] In another case, officials arranged major contracts with General Electric and Siemens to construct large-scale generation plants that would be powered by natural gas,

[105] Al-Salhy, Suadad. "Shortage of Electricity in Iraq Cripples Economy, Sparks Protests." Middle East Eye. August 6, 2015. http://www.middleeasteye.net/news/shortage-electricity-cripples-economy-and-sparks-demonstrations-iraq-58980501.

[106] Bassem, Wassim. "Never-ending Electricity Crisis Means Lights out for Iraqis, Again - Al-Monitor: The Pulse of the Middle East." Al-Monitor. July 13, 2015. http://www.al-monitor.com/pulse/originals/2015/07/iraq-electricity-crisis-power-outages-daily-need-economy.html#.

[107] D.B. "Not Yet Switched On, in Any Way"

[108] International Crisis Group. "Failing Oversight: Iraq's Uncheck Government." September 26, 2011. http://www.crisisgroup.org/~/media/Files/Middle%20East%20North%20Africa/Iraq%20Syria%20Lebanon/Iraq/113%20-%20Failing%20Oversight%20-%20Iraqs%20Unchecked%20Government.pdf

even though Iraq did not have the gas necessary to fuel them, demonstrating the overall incompetence of those ministry officials.[109]

Iraq's water infrastructure is also largely neglected. For example, Iraq's largest dam in Mosul has been neglected for years despite weak structural flaws. It is currently at risk of a catastrophic collapse that would send waves tens of feet tall. According to the US embassy in Iraq, "The approximately 500,000 to 1.47 million Iraqis residing along the Tigris River in areas at highest risk from the projected flood wave probably would not survive its impact unless they evacuated the flood zone. A majority of Baghdad's 6 million residents also probably would be adversely affected— experiencing dislocation, increased health hazards, limited to no mobility, and losses of homes, buildings, and services"[110] Only now, in the face of catastrophe has the Iraqi government approved a contract to repair and maintain the dam.[111]

Iraqi's drainage and sewer systems have also been largely neglected leading to deadly outcomes. In December 2012, Baghdad saw more than double the usual amount of rain, putting pressure on old and inadequate drainage systems. The

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[109] Al-Ali, Zaid. *The Struggle for Iraq's Future*, 176.
[110] "Baghdad, Iraq - Embassy of the United States." Statements & Press Releases. February 28, 2016. http://iraq.usembassy.gov/022816.html?utm_content=buffer14f88.
[111] "Iraq Awards Italian Firm Trevi Contract to Repair Mosul Dam." The Guardian. February 02, 2016. http://www.theguardian.com/world/2016/feb/02/iraq-awards-italian-firm-trevi-contract-repair-mosul-dam.

resulting floods caused buildings to collapse, killing several people. Officials blamed

broken sewer pipes and the lack of funding to update the infrastructure.[112] Similarly

in 2015, outdated drainage systems were blamed for the death of fifty eight people

by electrocution.[113] Outdated drainage and water systems have led to poor

sanitation and contaminated water. These outdated systems were blamed for the

recent cholera outbreak in Iraq that spread through fifteen of eighteen

governorates.[114]

The overall state of healthcare in Iraq has not significantly improved post-

Saddam. Health ministry workers routinely steal drugs from hospitals to sell on the

black market, millions of dollars meant for clinics and hospitals have gone missing,

and millions more have been wasted on government contracts to buy expired

medicines.[115] The lack of decent public healthcare has caused many to turn to

private clinics and in some cases the government will pay for Iraqis to travel abroad

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[112] Ibid, 178.
[113] "Scores Killed in Week of Flash Floods in Iraq." Al Jazeera English. November 7, 2015.
http://www.aljazeera.com/news/2015/11/scores-killed-week-flash-floods-iraq-
151107143102336.html.
[114] "UN Launches Campaign to Tackle Iraq's Cholera Outbreak." Al Jazeera English. November 7,
2015. http://www.aljazeera.com/news/2015/11/launches-campaign-tackle-iraq-cholera-outbreak-
151106142858671.html.
[115] Reilly, Corinne. "Iraq's Once-envied Health Care System Lost to War, Corruption." McClatchy.
May 17, 2009. http://www.mcclatchydc.com/news/nation-world/world/article24538240.html.

to seek medical treatment rather than invest in improving the healthcare system.[116]

Also, billions have disappeared on projects that have yet to be completed. In one

case the Health ministry allocated an estimated 40 billion Iraqi dinars in 2013 to four

projects that in 2015 still had completion rates of 0 percent.[117]

Conclusion

It is evident from the previous examples that corruption, at least in part,

has contributed to Iraq's slow development. This is demonstrated by the inefficient

allocation of resource rents by a largely self-interested political elite. Resource

rents are routinely appropriated to ensure the regime's political survival. The

desire to maintain power has caused the current political elite to shift resource

rents from productive activities to unproductive activities, specifically patronage.

Shifting resource rents to support the practice of patronage has led to poor

development outcomes in post-Saddam Iraq. Living conditions in Iraq have not

considerably improved since the overthrow of Saddam, despite substantial

increases in oil revenue. While these living conditions were normal under Saddam,

Iraqis reasonably expected better living standards after economic sanctions were

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[116] Abu Zeed, Adnan. "Iraqi Government Spends Millions on Medical Treatment Abroad. Al-Monitor. February 05, 2015. http://www.al-monitor.com/pulse/originals/2015/02/iraq-health-sector-corruption-treatment-india.html.

[117] "An International Report Uncovers Corruption in the Ministry of Health in the Billions." Alghad Press. February 7, 2016.

lifted. However, Iraq's HDI, remains low relative to its oil-rich neighbors. Twenty-three percent of Iraqis live below the national poverty line and unemployment is around eighteen percent.[118] People are dying from inadequate medical care and preventable diseases. These are all circumstances one would expect from developing countries that lack wealth, not a country that earns billions of dollars in oil revenue a month. Expectations for better living standards have been thwarted, at least in part, by a self-interested political elite.

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[118] UNDP. "Country Programme Action Plan 2011-2014." August 29, 2011.
http://www.iq.undp.org/content/iraq/en/home/library/poverty/publication_1.html

Combating Corruption in Iraq

Underdevelopment and poor living standards have become characteristic of

Iraq; however, in the past Iraq has demonstrated that it was capable of harnessing

its oil wealth for development purposes, a strong indication that it is possible for

Iraq to overcome the resource curse. Iraq was once one of the most prosperous

and advanced countries in the Arab world during the 1970s and early 1980s. During

this period, the Iraqi economy experienced a high growth rate of approximately 8.3

percent making it the second largest economy in the Arab world, after Saudi

Arabia, and the third largest economy in the Middle East.[119] This was possible, in

part, to the development efforts in the 1950s that laid the groundwork for future

development initiatives.[120] Initial efforts to raise the standard of living were made

through projects in the fields of water storage, flood control, irrigation, drainage,

industry, mining, and communications.[121] Iraq was able to take on these initiatives

due to increases in oil revenue, specifically during the oil price revolution of 1952.

During this time, Iraq's production increased from .091 million barrel per day

(MBD) in 1949 to .697 MBD in 1955, increasing revenue from 31 million to 74

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[119] Hussein, Jwan, and James Benhin. "Public and Private Investment and Economic Development in Iraq (1970-2010)." (*International Journal of Social Science and Humanity IJSSH* 5, no. 9, 2015), 743.
[120] Ozlu, Onur. "Iraqi Economic Reconstruction and Development."(Center for Strategic and International Studies, 2006), 16.
[121] Alnasrawi, Abbas. *The Economy of Iraq: Oil, Wars, Destruction of Development and Prospects, 1950-2010*. (Westport, CT: Greenwood Press, 1994), 18.

million Iraqi dinars, prompting the government to pursue a policy of channeling oil revenue for development purposes.[122] Oil revenue would continue to play a substantial role in Iraq's economic development, especially following the nationalization of the oil industry in 1972 and the oil price increase in 1973. The oil revenues that came with the price increase became an important part of cementing Ba'ath party rule. The party believed that raising living standards would pave the way for "further Ba'athification of the country by proving that the regime would deliver prosperity."[123] The 1970s marked the beginning of a period of unprecedented economic growth and high living standards in Iraqi history. "Using oil revenues, the government ploughed large amounts of money into providing free health care and education, expanding the country's infrastructure, organizing large construction projects, and investing in industry and the military."[124] Development, however, was short-lived and would deteriorate as Iraq entangled itself in two devastating wars.

Since Iraq has had a history, although brief, of demonstrating the capability of using its oil wealth productively, it is reasonable to believe that it may be able to overcome the corrupting influences associated with the resource curse. A number

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[122] Alnasrawi, Abbas. *The Economy of Iraq,* 80.
[123] Sassoon, Joseph. *Saddam Hussein's Ba'th Party: Inside an Authoritarian Regime*. (Cambridge: Cambridge University Press, 2012), 236.
[124] Ibid., 238.

of approaches have been suggested, including instituting good governance

initiatives based on accountability and transparency. Since the government

controls oil revenue, an established set of rules and procedures should guarantee

accountability and transparency of revenues through the system, which will allow

the public to hold officials accountable for policies that lead to shared benefits of

resources. These types of initiatives have been promoted as an important feature

of anti-corruption frameworks by international organizations in developing

countries, including Iraq.

Good Governance Initiatives

Academics and policy makers agree that political corruption is a major

problem for many developing economies. International organizations have

attempted to assist these states in addressing corruption problems. Since

developing countries seem to be caught in a vicious cycle of corruption,

international organizations can put pressure on governments to commit to the

necessary reforms needed to remedy this problem.[125] Good governance has

become a prominent feature of international organizations' anti-corruption

initiatives to support growth in developing countries.

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[125] Mauro, Paolo. "The Persistence of Corruption and Slow Economic Growth." *IMF Working Papers* 02, no. 213 (2002): 3-23.

The good governance approach was adopted into mainstream development agendas of international organizations in the 1990s. The quality of governance was identified as key to ensuring better development performance after economic liberalization and structural adjustment policies in the decade prior led to poor results. The failure of economic liberalization and structural adjustments initiatives were blamed on poor quality governance, including weak governmental structures, administrative incompetence, corruption, lack of accountability and openness in policy making, and an absence of the rule of law.[126] Since then, curbing corruption through improvements in governance quality has played a central role in initiatives to foster growth in developing countries by bilateral aid agencies, development banks, and prominent international organizations like the World Bank, International Monetary Fund (IMF), and the United Nations Development Programme (UNDP).

While these organizations agree that good governance is key to combating corruption, their ideas of what constitutes good governance vary slightly with the mission of the organization. The IMF stresses the importance of rule of law and efficiency and accountability of the public sector. Through policy advice and technical assistance, the IMF focuses on improving the management of

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[126] Smith, Brian C. *Good Governance and Development*. (Basingstoke: Palgrave Macmillan, 2007), 3.

public resources and supporting the development and maintenance of transparent

and stable economic regulatory environments to eliminate opportunities for

corruption.[127] The UNDP has identified eight major characteristics of good

governance that "assures corruption is minimized, the views of minorities are

taken into account and that the voices of the most vulnerable in society are heard

in decision-making."[128] These characteristics describe good governance as

participatory, transparent, responsive, consensus oriented, equitable and inclusive,

effective and efficient, accountable, and follows the rule of law.[129] World Bank

standards emphasize that "Good governance is epitomized by predictable, open,

and enlightened policymaking (that is, transparent processes); a bureaucracy

imbued with a professional ethos; an executive arm of government accountable for

its actions; and a strong civil society participating in public affairs; and all behaving

under the rule of law."[130] It identifies three mechanisms through which governance

can be improved, including effective rules and restraints, greater competitive

pressure, and increased citizen voice and partnership.[131] These definitions share

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[127] *Good Governance: The IMF's Role*. International Monetary Fund. (1997): 1-13.
[128] "What is Good Governance?" United Nations Economic and Social Commission for Asia and the Pacific. July 10, 2009. http://www.unescap.org/sites/default/files/good-governance.pdf
[129] Ibid.
[130] World Bank. *Governance: the World Bank's experience*. World Bank (1994).
[131] Chhibber, Ajay, Simon Commander, Alison Evans, Harald Fuhr, Cheikh Kane, Chad Leechor, Brian Levy, Sanjay Pradhan, and Beatrice Weder. "World Development Report 1997: the State in a Changing World." (*World Development Report*, 1997), 7.

important similarities; however, each organization concentrates on aspects that relate to its mission as an institution. The IMF focuses on improving economic environments, the UNDP emphasizes sustainable human development, and the World Bank focuses on economic and social resources for development.[132] While these are just a few of the various definitions of what determines the quality of governance, the underlying theme of most definitions "emphasize the importance of a capable state, accountable to its citizens and operating under the rule of law."[133]

Principal-Agent vs. Collective Action Models

While studies have found links between the quality of governance and development,[134] good governance initiatives have been largely ineffective at combating corruption. Over the past thirty years, fewer than ten countries have been identified as success stories and countries that have achieved good governance were not among those that received the most international aid to

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[132] Agere, Sam. *Promoting Good Governance: Principles, Practices and Perspectives*. (London: Commonwealth Secretariat, 2000), 3.

[133] Kaufmann, Daniel, and Aart Kraay. "Governance Indicators: Where Are We, Where Should We Be Going?" (*Policy Research Working Papers 4370*, 2007), 2.

[134] Kraay, Aart, Pablo Zoido-Lobaton, and Daniel Kaufmann. "Governance Matters." *Policy Research Working Papers*, 1999, 1-61; Rajkumar, Andrew Sunil, and Vinaya Swaroop. "Public Spending and Outcomes: Does Governance Matter?" *Journal of Development Economics* 86, no. 1 (2008): 96-111.

target corruption.[135] There have been many criticisms of the good governance approach, but for the purpose of this work I will focus on what critics have argued to be a mischaracterization of the corruption problem.[136] Good governance policies are grounded in the understanding of corruption as a principal-agent problem, therefore the initiatives to solve corruption are modeled around the implications of the principal-agent model. Given the failure of these initiatives, critics have argued that the collective action model has more to contribute to the understanding of corruption. While some critics argue that the collective action model may be better for conceptualizing corruption and therefore provide more effective strategies to solve corruption problems, others argue that both models are valuable for understanding corruption.

The principal-agent theory of corruption has become influential in corruption literature in the fields of political science and economics and has consequently informed the views of policy makers. This theory was popularized by the work of economists Susan Rose-Ackerman (1978) and Robert Klitgaard (1988) and is still widely used in research to understand corruption's impact on economic

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[135]Caryl, Christian. "How to Stop Corruption-with Alina Mungiu-Pippidi." Legatum Institute. http://www.li.com/events/how-to-stop-corruption-with-alina-mungiu-pippidi.
[136] While critics have argued that policies have failed due to a mischaracterization of the corruption problem, it may be more appropriate to describe this as an incomplete characterization of the problem. As will be evident below, the collective action problem builds on the principal-agent model to highlight the collective nature of corruption.

growth.[137] Its dominance in research is evident in Ugar and Dasgupta's (2011)

review of the corruption and economic growth literature. They find that all 115

studies included in their analysis "adhered to an explicitly-stated principal-agent

approach to corruption, or their account was closely related to that approach."[138]

As the leading theory, it has shaped the perception of corruption's impact on

development and has largely informed policy of international organizations.

A principal-agent problem arises when the principal (society) entrusts

authority to an agent (public officials or political actors) to act on its behalf. Ideally

agents are supposed to act in the best interest of the principal; however, this may

not always be the case. The principal-agent model makes two assumptions: that

the principal and agent have diverging interests and that the agent has more

information than the principal resulting in information asymmetry between the

two actors.[139] Conflicts of interest may arise in this relationship, especially if the

principal's interests are costly to the agent, which may make the agent act in his

own self-interest rather than the principal's. Information asymmetry enables

corrupt behavior because it is difficult for the principal to know if the agent is

[137]Rose-Ackerman, Susan. *Corruption: A Study in Political Economy*. New York: Academic Press, 1978; Klitgaard, Robert E. *Controlling Corruption*. Berkeley: University of California Press, 1988.
[138] Ugur, Mehmet and Nandini Dasgupta. *Evidence on the economic growth impacts of corruption in low-income countries and beyond: a systematic review.* (London: EPPI-Centre, Social Science Research Unit, Institute of Education, University of London, 2011), 43.
[139] Marquette, Heather and Caryn Peiffer. "Corruption and collective action." (*Developmental Leadership Program*, 32, 2011), 2.

acting in the principal's best interest and it makes monitoring the agent's behavior

a challenge for the principal. In order to remedy corruption within the framework

of this model, the agent's incentives need to change; "…principals need to

incrementally increase the negative pay-off for cheating and corruption (including

the risk of being caught) to a point where the fear of being caught is higher than

the greed that leads agents to engage in corruption."[140]

The implications from the principal-agent model have become the basis of

international organizations' current approach to anti-corruption reform.

International organizations have sought to solve corruption through good

governance initiatives that allow the principal to monitor the agent more

effectively and change the level of discretion the agent has when making decisions.

A wide range of formal mechanisms and institutions have been used, including

monitoring mechanisms, increased transparency, checks and balances, democratic

election mechanisms, free press, the establishment of independent anti-corruption

agencies, wage increases for public officials, the strengthening of civil society, and

independent court systems.[141] While these mechanisms and institutions are

beneficial for developing countries to have in place, they have been ineffective at

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[140] Rothstein, Bo. "Anti-corruption: The Indirect 'Big Bang' Approach." (*Review of International Political Economy* 18, no. 2, 2011), 231.
[141] Persson, Anna, Bo Rothstein, and Jan Teorell. "The failure of anti-corruption policies a theoretical mischaracterization of the problem." (*QoG Working Paper Series* 19, no. 10, 2010), 2.

combating corruption. Critics of the principal-agent model blame policy failures on a mischaracterization of the problem.[142]

Given the failure of the principal-agent model and good governance initiatives to solve corruption, academics have argued that corruption should instead be viewed as a collective action problem.[143] It is important to note that the collective action model does not necessarily question the effectiveness of monitoring and punishment mechanisms, but questions the assumption that every society has a group of principled actors that are willing to enforce anti-corruption initiatives.[144]

The collective action model gives more insight into the agent's motivation on whether or not to engage in corrupt behavior. A collective action problem arises when, "even if it is in the best interest of all individuals in a group (or across groups) to act collectively towards a common goal, group members choose not do so; instead, group members find it in their individual interest to not contribute at all or to limit their contributions, ensuring that the collective benefit is not realized

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[142] Ibid., 3.
[143] Mungiu-Pippidi, Alina. "Contextual choices in fighting corruption: Lessons learned." *Norwegian Agency for Development Cooperation* (2011): 3-105; Bauhr, Monika, and Naghmeh Nasiritousi. "Why pay bribes? Collective action and anticorruption efforts." *QoG Working Paper Series* 2011, no. 18 (2011): 3-23; Rothstein, Bo. "Anti-corruption: The Indirect 'big Bang' Approach." *Review of International Political Economy* 18, no. 2 (2011):228-50.
[144] Persson, Anna, Bo Rothstein, and Jan Teorell. The failure of anti-corruption policies, 5.

to its fullest potential."[145] The underlying assumption in the collective action model

is that agents are maximizers of their own self-interest.[146] Therefore, in terms of

corruption, individuals are better off acting against the group to engage in corrupt

behavior and will choose to do so because there is incentive to defect no matter

what everyone else chooses to do. Perceptions of other group members' behavior

also matter when individuals decide on whether or not to participate in corrupt

activities. Persson et al. (2013) summarize the argument:

> In particular, the rewards of corruption—and hence the strategy any
> rational actor is most likely to opt for—should according to this set of
> theories be expected to depend critically on how many other individuals
> in the same society that are expected to be corrupt. Insofar as corrupt
> behavior is the expected behavior, everyone should be expected to act
> corruptly, including both the group of actors to whom the principal-agent
> framework refers to as "agents" and the group of actors referred to as
> "principals."[147]

Therefore, changing the corruption status quo requires concerted action by many,

since decisions to engage in corruption is in part a consequence of how one

observes the corrupt behavior of others.[148] Actors may understand that there are

gains to erasing corruption, but since they cannot trust that others will refrain from

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[145] Marquette, Heather and Caryn Peiffer. Corruption and collective action, 3.

[146] Persson, Anna, Bo Rothstein, and Jan Teorell. The failure of anti-corruption policies, 5.

[147] Persson, Anna, Bo Rothstein, and Jan Teorell. "Why anticorruption reforms fail—systemic corruption as a collective action problem. (*Governance* 26 no.3 2013), 456-457.

[148] Chene, Marie and Ben Wheatland. *Barriers to Collective Action Against Corruption.*(Anti-Corruption Resource Centre, 2015), 2.

corrupt practices, they have no incentive to refrain from corrupt practices themselves. Therefore, rather than just changing incentives it is important to change agents' beliefs about what all the other agents are likely to do in when it comes to corrupt practices.[149] This will require a more revolutionary change than what is suggested by the principal-agent model. Persson et al. (2010) find three conceptual pairs that would accomplish this revolutionary change, including shifting from particularistic to universalistic political culture, limited access orders to open access orders, and partiality to impartiality in the exercise of government power.[150] Similarly Rothstein (2011) supports the idea of a revolutionary approach or what he calls the "indirect big bang approach." Directly targeting corruption is not likely to "lead to change if it is not accompanied by an 'indirect' strategy in which many, if not most, other public institutions are changed from adhering to particularistic practices to universalism and impartiality.[151] While there is a general consensus that institutional change is necessary, there has been surprisingly little focus on how this revolutionary change is to be accomplished.

    While some have argued definitively for either the principal-agent model or the collective action model, others have concluded that both models are valuable

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[149] Rothstein, Bo. Anti-corruption: The Indirect 'Big Bang' Approach, 246.
[150] Persson, Anna, Bo Rothstein, and Jan Teorell. The failure of anti-corruption policies, 20.
[151] Rothstein, Bo. Anti-corruption: The Indirect 'Big Bang' Approach, 246.

for understanding corrupt behavior. These models "are not necessarily competing but are usefully complementary" as they emphasize different dynamics of the persistence of corruption.[152] The principal-agent model's approach to corruption is important because it highlights the rational choices that individuals make, while the collective action model provides additional insight useful for understanding an individual's decision to participate in corrupt behavior within a group or society. Collectively they demonstrate that corruption persists not only because it is difficult to monitor and prosecute, but also because, when corruption is systemically pervasive, individuals lack the incentive to combat corruption.[153]

Overcoming Corruption in Iraq

Since the fall of the Ba'ath regime in 2003, international organizations, most notably the UNDP, have played an important role in guiding good governance initiatives. Iraq's first significant step to combat corruption came in 2007 when it adopted the United Nations' Convention against Corruption and with the support of the UNDP, developed its first comprehensive National Anti-Corruption Strategy for 2010-2014.[154] This strategy is comprised of 200 action items designed to guide

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[152] Marquette, Heather and Caryn Peiffer. Corruption and collective action, 11.
[153] Ibid.
[154] Agator, Maxime. "Iraq: Overview of Corruption and Anti-corruption." *Anti-Corruption Resource Center.* (2013), 5.

Iraq's anti-corruption institutions to prevent, deter, and counteract corruption. In addition to improving anti-corruption institution capabilities, the UNDP also assists Iraq through anti-corruption programs designed to increase transparency and accountability and works to empower civil society organizations by building their capacity to monitor and hold the government accountable for corruption. The IMF, through Stand-By Arrangements, has also provided technical assistance and aid to improve Iraq's public financial management system by improving transparency and accountability of the mobilization of public resources.[155] Iraq has also received assistance from non-profit organizations, like the Iraq Foundation, to "promote good governance, improve provincial government accountability and transparency, increase capacity of Iraq's anti-corruption institutions at the provincial level, and strengthen civil society organizations' capacity to conduct oversight activities."[156]

While these good governance initiatives are important for increasing transparency and accountability within the government, in Iraq's case, they do not seem to be effective at combating corruption. Therefore, there is merit in examining corruption in Iraq through the lens of collective action given continued

[155] "IMF Program Note on Iraq." Program Note.
https://www.imf.org/external/np/country/notes/iraq.htm.
[156] "Provincial Accountability and Governance (PAG) Project." Human Rights & Democracy Building Projects & Activities. July 19, 2012. http://www.iraqfoundation.org/projects_new/pag/index.html.

difficulty with corruption, despite anti-corruption laws, strategies, and assistance

from international organizations. As illustrated previously, these good governance

initiatives are grounded in the idea that corruption can be challenged by allowing

society to monitor political officials more effectively and by changing the level of

discretion those officials have when making decisions. A more effective approach

to combat corruption would also seek to understand a public official's motivation

and incentive within the context of society, since a decision to engage in corruption

will depend on how that official views corruption in society. Once we have a grasp

on motivations and how individuals understand corruption within society then we

may be able to tailor initiatives that enable successful collective action against

corruption in Iraq.

Before international organizations can suggest any anti-corruption

initiatives it is important that they understand the barriers that Iraq's political elite

face in acting collectively to fight corruption. The lack of political will is one of the

greatest barriers facing Iraq's ability to combat corruption. The involvement of the

government is crucial to the success of any reforms as they hold the power to

make changes happen. The Iraqi political elite may not want to join anti-corruption

coalitions due to their proximity to the corruption scandals and because they

benefit from the corrupt system. The lack of incentives and benefits to join a

collective coalition represents an additional barrier. As of today, incentives for

joining a coalition to combat corruption would not compensate them as much as

the ability to appropriate state resources. The most important incentive is the

benefit from reducing corruption levels. This would allow for state resources to be

channeled to improve overall well-being instead of unproductive activities.

However, this may not be enough to convince the political elite if their focus is to

enrich themselves rather than the nation. Perhaps the toughest barrier that the

political elite need to overcome is their dominant use of patron-client

relationships. The previous chapters highlighted how important patronage has

been throughout Iraq's history for political survival. An effort to rid Iraq's political

system of the kind of patronage that has been historically important to maintaining

power will receive great pushback from nearly the entire political elite.

    While these barriers represent great challenges to Iraq's anti-corruption

effort, as of late there have been some promising developments with regards to

increasing political will and challenging political patronage. Public demonstrations

have taken place every Friday since the summer of 2015 against government

corruption. The protests were initially sparked by electricity shortages in extreme

heat, but evolved into calls for reforming the corrupt political system. Prime

Minister Haidar al-Abadi tried to address the corruption by putting forth an

ambitious seven point plan designed to dismantle Baghdad's top-heavy government.[157] The plan included the elimination of a number of government posts, reduction in special benefits, and the disregard of sectarian quotas for senior positions. There were no promising developments as Abadi failed to issue practical instructions for implementation and reform opponents have subverted reform efforts.[158]

As protests began to fizzle out, prominent Shia cleric, Muqtada al-Sadr entered the fray demanding the government address corruption in a serious manner. In late March, Sadr was able to mobilize his followers to sit-in outside the walls of Baghdad's Green Zone to press the government for real anti-corruption reforms. Sadr directly challenged Iraq's power-sharing system and called on Abadi to replace cabinet ministers with non-party technocrats to tackle the political patronage that has fostered corruption.[159] Non-party technocrats would get around the ethno-sectarian quota system dominant in Iraqi politics that has led to an inefficient and corrupt government. The mounting pressure seemed to have

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[157] Office of the Prime Minister of Iraq. "Statement." Press release. http://pmo.iq/pme/press2015en/9-8-20151en.htm.

[158] Al-Khaykanee, Khitam. "Q&A: Iraqi Protesters Demand Action on Corruption and Reforms." United States Institute of Peace. September 30, 2015. http://www.usip.org/publications/2015/09/30/qa-iraqi-protesters-demand-action-corruption-and-reforms.

[159] Hameed, Saif. "Shi'ite Cleric's Followers Begin Anti-corruption Sit-in in Baghdad." Reuters. March 18, 2016. http://www.reuters.com/article/us-mideast-crisis-iraq-protests-idUSKCN0WK0RI.

worked as Prime Minister Abadi nominated a technocratic cabinet of which most have academic credentials and experience working in senior executive positions, managing, or administrating.[160] The political elite, however, pushed back on the reform efforts as it would take away their hold on lucrative government ministries.

On April 12, 2016 Abadi presented parliament with a second list of candidates with similar pushback on both the establishment and reformist sides since the list is a compromise of independent technocrats and party appointees. Parliament sessions have descended into chaos over the proposed cabinet and has led to calls for Iraq's top political leadership to step down, including Prime Minister Abadi. On May 1, 2016, after parliament failed to pass Abadi's second list of candidates, Sadr held a news conference where he essentially called for a major uprising of the Iraqi people. Shortly afterward protestors breached the heavily fortified Green Zone and stormed the parliament while security forces stood back and watched. Protestors only briefly occupied parliament, but it demonstrates the power that Sadr has among his followers. It also demonstrates that the Iraqi people have reached their breaking point. While the current political system is inclusive of Iraq's major ethnic and religious groups, the benefits of this system

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[160] Kalin, Stephen, and Saif Hameed. "Iraqi PM Names New Cabinet to Fight Corruption." Reuters. March 31, 2016. http://www.reuters.com/article/us-mideast-crisis-iraq-politics-idUSKCN0WX1CG?feedType=RSS.

seem to end with the political elite. It is impossible to predict what this unprecedented development will lead to, but it seems that the current political system is no longer viable in the eyes of the Iraqi people.

While the process of government reform has been slow and chaotic, it is a step in the right direction. There seems to be a reformist group within the government that genuinely wants to see change and their cause has become stronger after the Green Zone protests. If they can show that they are truly committed to ending corruption within the political system, this may signal to the rest of the political elite that the corrupt practices they have relied heavily upon to maintain power will no longer be acceptable. As illustrated above, in addition to changing incentives, it is also important to change public official's beliefs about what others are likely to do when it comes to corrupt practices. Currently, the political elite know that almost everyone in the political system acts corruptly because corrupt behavior is expected behavior. If the current events can change these beliefs there may be hope for meaningful change. It is doubtful that corruption will completely cease, but it will at least no longer be seen as standard operating procedure. In addition to changing individual's beliefs, there are a number of ways to overcome the barriers to the fight against corruption. Given that the current approach to corruption reform has been incredibly

confrontational, a non-confrontational approach may be more appropriate. When

the political elite's commitment to anti-corruption reform is limited, a direct

confrontation may be counter-productive and undermine dialogue and real

change.[161] A non-confrontational approach may be more productive at engaging a

previously uninterested elite. The reformist element within government can also

convince the rest of the political elite through diverse and convincing incentives,

including purposive incentives and the prestige of being a part of the movement

that eliminated corruption.

Conclusion

It is not immediately clear what the solution is to Iraq's corruption problem.

It is clear, however, that good governance initiatives developed by international

organizations are not enough to combat corruption. These initiatives assume that

the public officials responsible for monitoring and oversight are willing to hold

corrupt officials accountable, but if officials view corruption as the expected

behavior in society then it is unlikely that these initiatives will be effective.[162] In

order to properly combat corruption, international organizations need to widen

their views on how Iraq can overcome the barriers to acting collectively fight

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[161] Chene, Marie and Ben Wheatland. *Barriers to Collective Action Against Corruption*, 5.
[162] Persson, Anna, Bo Rothstein, and Jan Teorell. Why Anticorruption Reforms Fail, 450.

corruption. International organizations' efforts need to adjust to incorporate

initiatives that create cooperation among the political elite to prevent and fight

corruption. The success of any anti-corruption initiative will depend on the

willingness of the political elite to refrain from corrupt practices. Since anti-

corruption initiatives require the involvement of the government, a lack of political

will, will undermine the effectiveness of any anti-corruption approach.

Conclusion

This work has focused on understanding the extent of corruption in Iraq. It has demonstrated that the need to maintain political power has driven corruption throughout modern Iraqi history. Political regimes have been able to consolidate power by appropriating Iraq's oil wealth to the detriment of state development. It also highlights the need to broaden the current understanding of corruption in Iraq in order to effectively resolve the problem. This work concludes at a critical moment in Iraqi history. The corrupt practices relied heavily upon by the Iraqi political elite are being directly challenged for the first time in history. Only time will tell if current efforts will result in meaningful change. In the meantime, this research can be used to understand why corruption has persisted overtime and how difficult it will be to overcome government corruption.

This study has mainly focused on the differences between corruption of the Ba'ath regime and the political elite post-Saddam. While it is clear that corruption has increased under the current political elite, it is important to note that these differences can be attributed to the different political systems of each governing regime. The authoritarian nature of the Ba'ath regime meant that it could prevent corrupt practices through fear and violence. Also, since power was concentrated in the hands of the Ba'ath party, they solely decided how state resources would be

distributed, whether it be for development projects or to create patronage

networks. On the other hand, the new political arrangement in Iraq has led to the

distribution of power among three major communities all vying for their fair share

of state resources. The lack of a strong central authority has made it more difficult

to address corrupt practices, like patronage and nepotism. These practices could

also be overlooked because they are important to maintaining power for the major

groups in the power sharing arrangement. This study of corruption in Iraq has

pointed to a broader issue, which is determining what political system is

appropriate for Iraq's fragmented society. How can we create a strong central

authority that meets the needs of Iraq's entire society, whether Shia, Sunni, or

Kurd, without one group marginalizing the others? This may be key to ending

power struggles and the corrupt practices that are used to consolidate power. In

light of the unprecedented Green Zone protests, a more efficient political system is

vital for Iraq moving forward.

The research behind this thesis is limited by a few factors. First, there is

very little prior research on the topic of corruption in Iraq. The lack of prior

research meant that I could not build upon an existing theoretical framework,

which required that I establish my own framework for understanding corruption in

Iraq. Second, this research relies heavily on anecdotal data since corruption data is

limited. The lack of data limits the ability to gauge the impact of corruption and prove empirically that corruption has become worse post-Saddam. The secretive nature of corruption also restricts the ability to truly understand the extent of corruption. While we may know that corruption exists, we cannot be completely certain of its magnitude. It is difficult to obtain direct measures of corruption because individuals do not typically volunteer information on their illegal activities, since it can be costly to them. This is a problem that is common in most corruption research. These limitations should not discount this research as it has provided a general understanding of the extent of corruption in Iraq and offers a starting point for future research.

Given the lack of research on corruption in Iraq, this work can act as a stepping stone for future studies. This work has examined government corruption more broadly than it would have if more research were available on Iraq. Future research could be more specific and focus on the extent of corruption in Iraq's most lucrative ministries, including the oil, healthcare, and defense ministries. Potential research can also examine the benefits that corruption can provide. The absence of a properly functioning state may make the corrupt practices discussed throughout this research a necessary part of providing benefits and security to society. Future research may also examine whether it is appropriate or realistic to

impose Western notions of corruption on Iraq given its distinct political institutions

and traditions. While these patrimonial practices are considered corrupt from a

Western perspective, Iraqi society may not consider these practices to be

completely illegitimate. Since little attention has been given to this research topic,

there is clearly a large scope for future studies.

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