



Institutionalized Corruption: An Instrument of Governance in the Middle East and North Africa?

by *Jawad Rachami* July 31, 2003

The pervasiveness of corruption in the Middle East and North Africa has become the norm rather than the exception. The problem of corruption in the region is neither inherent in Islamic cultures nor the unintended consequence of governance, but rather an instrument of governance. Undemocratic authoritative governments in the Middle East and North Africa have used corruption for many years as a tool to maintain control over their constituents and preserve their political supremacy. Combating corruption in the region will require difficult choices to correct ingrained weaknesses in the governance structure.

As I was preparing to write this paper, I received my weekly telephone call from my mother in Morocco. After questions and answers regarding my family's well-being, she said that my little cousin, age 8, would like to speak to me. I immediately thought about asking him what corruption meant to him, but I was not prepared when he answered, "Corruption is money you pay to the police when you go through the red light." This caused a loud burst of laughter from my part, but, it also forced me to think about what I would have said as a young boy in Morocco. At that age, bribing the police was simply the most visible form of corruption to those who had yet to transact with the government. Like me, my little cousin may soon grow to discover that every time he needs a birth certificate, a license, or any form of government documentation, he may have to pay a "tax" for those services. He, too, I surmise, may become frustrated one day by widespread corruption in his homeland, and for that I would not blame him.

Whether it is *petty* or *grand*, systematic corruption in the Middle East and North Africa has become the norm rather than the exception. The problem of corruption in the region is not a side effect or unintended consequence of governance, but rather an instrument of governance. It certainly is clear that undemocratic authoritative governments in the Middle East and North Africa have used corruption for many years as a tool to maintain control over their constituents and preserve their political supremacy. But times are changing, and the Middle East is breathing the wind of change, albeit painfully slowly.

Recently, I picked up my dictionary and looked up "corruption." The dictionary's definition of the word is: "the impairment of integrity, virtue, or moral principle; the inducement to wrong by improper or unlawful means (as bribery); and/or a departure from the original or from what is pure or correct." I thought, "Who decides virtue? Who decides moral principle and what is pure or correct?"

People reach a collective sense of consciousness of what is wrong and what is right through religion or other forms of moral and spiritual guidance. This is what makes the subject of systematic and institutionalized corruption difficult to resolve.

It is no secret that the Middle East is plagued by corruption. I have heard some dismissively say that corruption is just part of the Islamic culture and for that reason cannot be dismantled. However, corruption is a capital sin in Islam. The Islamic religion does not allow its adherents to profit from

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helping others. It even prohibits collecting interest on loans because it regards such profits as unjust exploitation of those in need. Yet, corruption is widespread in the Muslim World. Why?

Although there are those who attribute widespread corruption to cultural predisposition, I disagree with this assessment and prefer to discuss the subject within the sphere of ethical norms. The spectrum of ethics is constantly evolving within each population group. To illustrate this point, one can only raise the subject of racial segregation in the United States. What was acceptable to the majority some years ago is no longer acceptable to today's majority, and in the case of segregation, it is not only unethical today, it is also illegal.

The "Supply" and "Demand" of Corruption

As John Sullivan of the Center for International Private Enterprise explains in *Anti-Corruption Initiatives from a Business View Point*, "corruption occurs in a variety of ways. While there is general agreement that corruption is the abuse of public office for private gain, there are still many areas where peoples in different countries have different feelings about what is and isn't a corrupt practice." Furthermore, Dr. Sullivan adds that, "most would agree that bribing a civil servant is corruption. However, hiring relatives (nepotism), giving contracts to supporters (cronyism), abusing privileged information to buy or sell stock (insider trading), and other such practices are viewed differently around the world."

The term "corruption," as I define it in this paper, is the misuse, abuse, and advocacy of one's position and authority in order to gain and/or dispense privilege for the purposes of acquiring financial gain, power, and influence at the expense of others and/or of established rules, norms, and regulations.

In addition, to understand the problem of systematic corruption, one needs to classify it into two categories: *demand* vs. *supply*. The demand side refers to those in positions of influence and authority who provide advantage and/or access for personal gain. The supply side pertains to those seeking to acquire advantage and/or access by providing benefits and/or incentives, financial or otherwise.

<u>DEMAND SIDE</u>	vs.	<u>SUPPLY SIDE</u>
Those with access control authority and those who control decision-making processes at all levels of society (public or private), willing to dispense advantages for personal gain through bribery or other incentives.		Those who depend on authority to obtain access and/or advantages at all levels of society (Public or Private), seeking to influence decision-making for personal gain through bribery or other incentives.

Some observers are keen to simplify the issue by looking at the demand side as representing government officials and civil servants while the supply side being driven by the private sector. I prefer to distinguish between the demand side and supply side of corruption in terms of authority and dependency because if we look at the private sector separately, we can still identify both demand and supply for corruption and the same is true for the public sector.

Root Causes of Corruption in the Middle East and North Africa Region

Understanding the phenomenon of institutionalized corruption in the Middle East and North Africa requires an intimate understanding of this region's political history, which produced its current social, political, and economic institutions and style of governance. The countries of the region are a collection of military dictatorships, illiberal or disguised democracies, and ruling monarchies. The World Bank writes in its *Middle East and North Africa Region Strategy Paper*, "New ideas, fresh approaches, and willingness to take the risk of change are best generated in an environment where policy making is open and transparent. However, the existing political and bureaucratic structures in the region tend to be static and closed."

The absence or lack of participatory governance and liberal democracy in the Middle East and North Africa gives rise to a culture of corruption across the spectrum of society. Let us examine a few reasons why.

Lack of Transparency: Undemocratic societies are known for being closed environments where information is controlled and censored by the government. The only information that flows within the

country is what the government approves and what serves its interests. Today, we see increasing openness in the Middle East region with regards to information. With the advent of the Internet and satellite television, it is more difficult for undemocratic governments to restrict access to information.

However, we have yet to see serious efforts in this area such as freedom of information legislation and far-reaching reforms that guarantee and protect freedom of the press. While Morocco announced the liberalization of the audio-visual media and Qatar has allowed more press freedom in the recent past than any of the other countries in the region, the majority of those governments have moved towards a policy of debate control.

Weak Judiciary and Rule of Law: An independent judiciary, one of the cornerstones of democracy, aids in ensuring accountability and protecting the rights of the citizens against overzealous and unjust policies. An independent judicial system is a foreign concept in the Middle East and North Africa. The judiciary operates under the auspices of the government and judges are government employees who are under the authority of the ministry of justice, an executive cabinet position. This allows government bias to penetrate the judicial process and, as a result, undermines government accountability and opens the gates for corrupt practices.

A corrupt judiciary coupled with inconsistent laws that sometime run against the country's constitution, makes the rule of law questionable and unreliable in the region. Therefore, those interested in investing in the region are justifiably worried about contract enforcement, property rights, and the credibility of the rules in place. Investors do not want the rules to change in the middle of the game, and they want their investments protected through strong contract enforcement and property rights including intellectual property. In the Middle East region, corrupt judges make decisions on behalf of the highest bidder regardless of the contract vehicle in place - a scary proposition for foreign direct investors. So, why maintain such a system in place when the economic shortfalls are visibly significant? Remember how undemocratic regimes rule and maintain power. Their concept of control is far reaching. They want to maintain the power to apprehend, arrest, and convict according to their rules. They also want to have the power to reach in and exercise their "favor-seeking" power in order to intervene on behalf of the elite and/or those who are willing to "reward" them for their efforts. Corruption is used as a control mechanism.

Poor Accountability: Government accountability is a phrase that generates laughter when mentioned in public in the Middle East. The concept of checks and balances is extremely important in order to ensure system-wide accountability. In the Middle East and North Africa, some essential institutions already exist such as parliament, law enforcement, civil society, media, and professional associations. However, the lack of legitimacy of such institutions coupled with the absence of an independent judiciary and auditing agencies, civil liberties, press freedom, and mechanisms of feedback make the concept of government accountability unattainable in such undemocratic societies. The question we cannot resist asking is, *why would undemocratic governments want to ever change that?*

Elitist Social Structure: Undemocratic societies are inherently unfair because they favor the ruling group over the rest of the population. This creates three distinct social groups in such societies:

- *The elite* – a small group of high-level government officials as well as renowned families with close ties to the government. This group enjoys the highest privileges and also controls most of the economic activity
- *government workers and civil servants* – a larger group of mid- and low-level government employees who rely on the government for employment but whose loyalty produces opportunities for personal gain
- *the general public* – the group that represents a majority of the population

Such groupings are inevitable in undemocratic societies and, as such, create an environment where corruption prospers. Surely social classes based on wealth and income exist everywhere, and democracy is no guarantee to reducing social and income gaps. However, democracies make it more difficult for privileged groups to take advantage of their social or political standing for personal gain. In democratic societies corruption at the elite level may actually be acute, but it is at the civil service level that we notice the biggest differences between democracies and autocracies. It is here that democratic processes deal the biggest blow to corruption, mainly through transparency, accountability, and the rule of law.

Lack of Corporate Governance: The absence or lack of enforceable rules for corporate governance is an accommodation of the elite. Remember that the elite control most of the economic activity in the Middle East and North Africa. Thus, governments in the region do not upset their biggest allies and, as a result, they open the door to the widespread practice of corporate misconduct and corruption.

Undemocratic governments simply do not wish to be independently audited nor monitored in their dealings with the elite business community. They are threatened by the idea of the public monitoring them. Their relationship with the elite business community is essential to their survival and the opposite is true as well.

Excessive Regulation and Barriers to Entry: Undemocratic governments want to stay dominant and powerful at home. They succeed by controlling every aspect of civil society and by creating dependency on the government for basic services. They use the relationship between *control* and *dependency* in order to accumulate and consolidate power. One of the ways they achieve that is through excessive regulation and tight controls on market participation.

Undemocratic governments create extremely tenuous bureaucratic processes because they try to expand their support base by creating employment under the large umbrella of the government. This creates a breeding ground for corruption. Since government officials and civil servants know that they belong to powerful regimes, they apply their control mechanisms to collect bribes, exert influence, and obtain privileges that are unknown to most of their fellow citizens. On the supply side of corruption, citizens and firms try to bypass these excessive regulations and barriers through the payment of bribes to civil servants and government officials.

Pervasive Corporatism: Most countries in the Arab world are organized into large social and economic groups that are recognized and sanctioned by the government. This is the result of a failed marriage between Arab Nationalism and varying degrees of socialism/communism. Therefore, the strong socialist leanings of the region (even in the most moderate countries) combined with undemocratic processes made corporatism most desirable for those in control in the Middle East and North Africa. This is because it allowed them another mechanism of control over the population, ironically, in the name of social justice and representation. Therefore, in a corporatist society, if you are a doctor you have to register with the Doctor's Guild before you are allowed to practice medicine, the same applies if you are a lawyer (Lawyer's Guild), an architect (Architect's Guild), etc. In addition, you must register with the chamber of commerce or a similar organization before you can cultivate your land or sell your crops.

Recently, it took my sister, a medical doctor, two months to register with the National Guild of Doctors in Morocco before she could practice her profession. In addition to the added level of bureaucracy that this system harbors, it feeds into a system of favor-seeking. I am certain that my sister would have been able to receive her registration within hours if she paid a bribe, was a member of the elite, or knew someone with influence in the government.

Political Challenges to Fighting Corruption

The challenges facing the Middle East and North Africa with regards to fighting corruption are awesome. To dismantle corruption in the region, governments have to be willing to rewrite their book on governance. If they decide to do so, they have to be prepared for enormous obstacles. There will be those who praise them and those who denounce them. Governments will have to do things they have never done before: loosen their grip on power while ensuring that reforms and institutional changes are adopted and implemented. They must maintain order while giving up control, and that is a mighty task in a region where many things can go wrong very fast.

Anti-corruption reforms in the Middle East and North Africa require genuine political will and popular support as a starting point. Without political will those measures turn into a smoke screen that further deepens distrust and resentment among the people. Once I asked a friend from Tunisia what he thought about anti-corruption measures announced by the government in his country. He said that the government has been "playing that cruel game for years and the Tunisian people are used to it." But what if Tunisia is really serious this time? One thing is absolutely sure: they will have to work even harder to produce tangible results and engage in an intensive public relations campaign to gain the people's trust and support.

Conclusion

Before corruption can be addressed in the region, the people of the Middle East must answer these questions for themselves:

- How will serious leaders deal with the elite and, in turn, with members of their close circle without putting their governments in jeopardy?
- How will they deal with corruption in the military, police, and security forces without causing a coup and political destabilization?
- How will they convince government workers and civil servants to join and comply with their anti-corruption measures without significantly improving living standards and economic performance – at least in the short term?
- How will they enforce anti-corruption measures without effective institutions that ensure transparency, accountability, and the rule of law?
- How will they undertake serious institutional changes without upsetting the fragile stability of their underlying structure?
- How will the hardliners, the conservatives, the nationalists react to the reforms and how much weight do they have on public opinion?

Anti-corruption measures are part of a wider political and economic transformation package that the Middle East and North Africa must undertake in order to register significant growth and sustainable development. The way this transformation is pursued will ultimately decide its success or failure, hence the need for a calculated strategy that minimizes the risk of unrest and destabilization while maximizing the benefits of reform.

While authoritative governments in the region have used corruption for many years as a tool to maintain control over their constituents and preserve their political supremacy, times have now changed. Both meager domestic conditions (i.e. poverty, illiteracy, religious extremism) and international events (the collapse of the Soviet Union, the technology revolution, globalization, the events of September 11th, war in Iraq) have produced an environment today that is vastly different from what it was a few decades ago or even a few years ago. In response to this new political and economic landscape, countries such as Morocco, Jordan, Bahrain, Qatar, and the United Arab Emirates are undertaking encouraging reform projects while the lack of political activism and visionary leadership continues to persist in other countries in the Middle East and North Africa.

Although this paper looks at the Middle East and North Africa as a whole, there are significant differences among the countries of the region which explain the direction and pace of change in each country. There is a visible divide in the region today between the reformists (e.g. Morocco and Jordan) and the hardliners/nationalists (e.g. Libya and Syria). The current king of Morocco, for instance, is a young reformer who insists on economic reform and transitional democracy. Yet he faces pressure from hardliners and nationalists both at home and within the region. My hope as a Moroccan is that he succeeds in overcoming those obstacles in order to keep his reformist project on track and lead, along with other reformers, a new wave of change in the region.

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