

Political Corruption in the Middle East

Authoritarianism and *Wasta* in a Global Perspective

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Authoritarianism and *Wasta* in a Global Perspective

Political Corruption

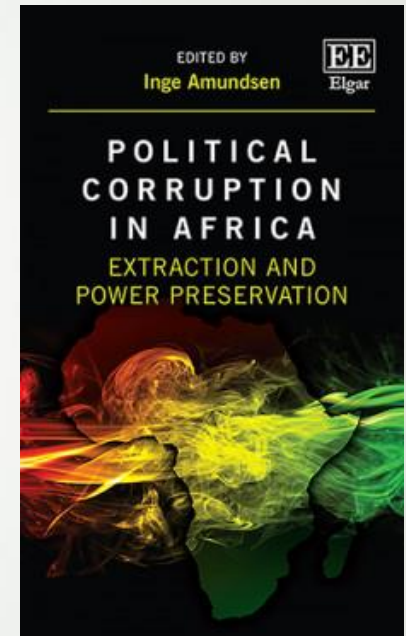
- Corruption defined
- Political vs administrative corruption
- Extractive and power-preserving

Political Corruption Globally

- Global trends
- Authoritarianism
- Anti-corruption

Political Corruption in the Middle East

- *Wasta*
- Crony capitalism



Political Corruption: Defined

Defined

- Abuse (capture) of public power for private benefit
- Misuse of entrusted power for private gain
- *Political* when political decision makers abuse their power for private benefit



Two actors

The STATE  Any NON- STATE actor

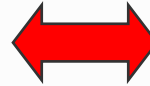


Forms of corruption: Two perspectives

Demand oriented

Corrupted,
public side

Extractive,
neopatrimonial,
kleptocratic state



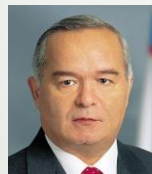
Supply oriented

Corruptor,
private side
(bribing firms)

“Captured state”



Aferwerki
Eritrea



Karimov
Uzbekistan



Berdimuhamedow
Turkmenistan



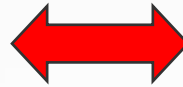
Obiang
Equ.Guinea



Forms of corruption: Two types

Controlled

Centralised
Coordinated
Disciplined
Hierarchic

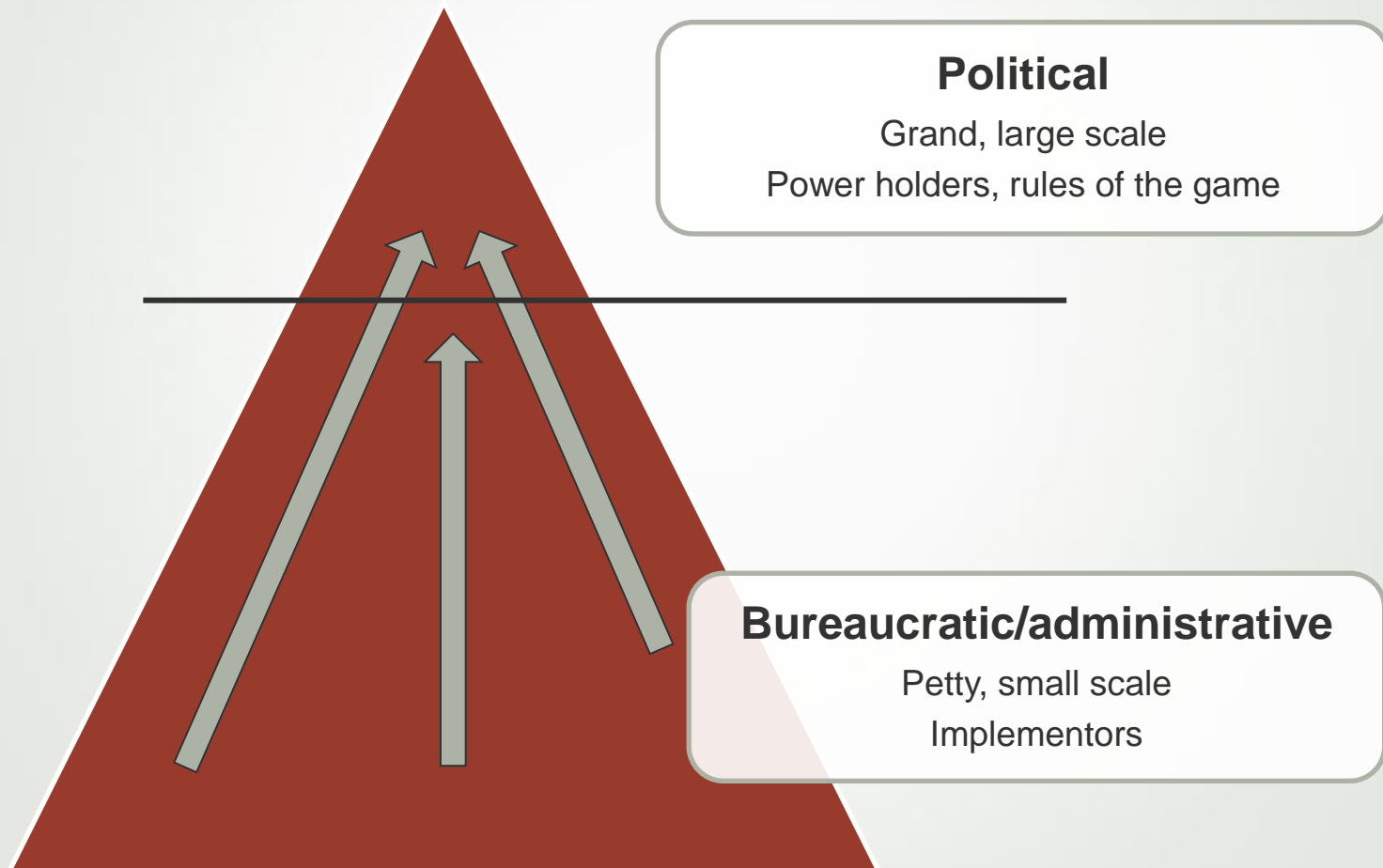


Uncontrolled

Disorganised
Competitive
Unpredictable
Chaotic



Political Corruption: Defined



Political Corruption: Methods

Extraction

Getting the money in

Bribery

- Corruption *per se*
- Kickbacks, sweeteners, percentages, grease money, ...



Embezzlement

- Theft (only one party)
- “Privatisations”



Fraud

- Economic crime
- Element of cheating
- Tax systems



Extortion

- Element of violence
- No/little returns



Power Preservation

Reinvesting in power

Buying friends

- Favouritism
- Clientelism, patronage
- Co-optation
- Nepotism



Buying support

- Vote buying, handouts
- Majorities



Buying impunity

- Courts and judges
- O&C institutions
- Political nominations



Buying security

- Means of violence



Political Corruption: Global Trends

International restrictions

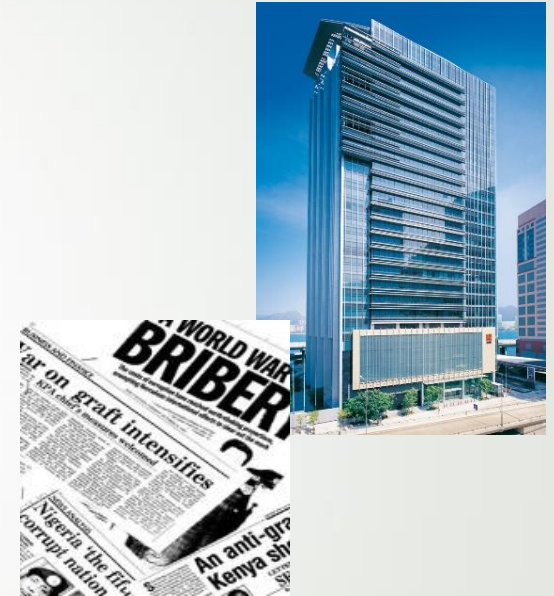
- Conventions
 - OECD, UN, African, Inter-American
- Cooperation
 - Money laundering
 - Asset recovery
 - Aid
- Enforcement
 - US Foreign Corrupt Practices Act (FCPA)
- Business organisations
 - International Chamber of Commerce (ICC)
 - US Chamber of Commerce - Centre for International Private Enterprise (CIPE)
 - Transparent Agents and Contracting Agencies – TRACE
- NGOs
 - Transparency International
 - Publish What You Pay
 - The Arab Anti-Corruption & Integrity Network (ACINET)
- ...



Political Corruption: Global Trends

National restrictions

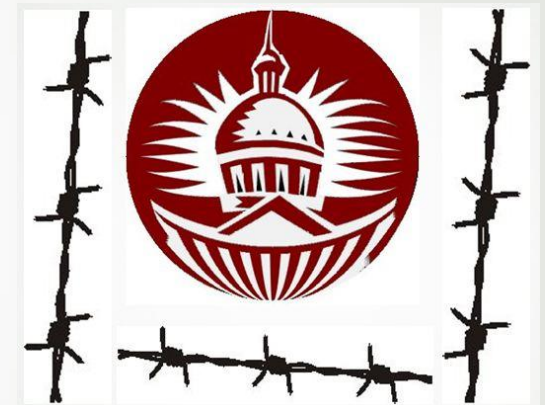
- Legal developments
 - International conventions into national law
- Institutional developments
 - Anti-corruption commissions
 - Strengthened parliament, judiciary
 - Strengthened investigators, auditors, prosecutors
- Business developments
 - International restrictions and reputational concerns
 - Business rules of ethics and conduct
 - Business organisations: Chamber of Commerce etc.
- Media
 - Access to information (laws)
 - Social media
 - National and international investigative journalism
- Civil society
 - Organisation and organised pressure
 - Manifestations, protests and revolt



Political Corruption: Control

Democratic vs authoritarian control

- Democratic institution-building and ring-fencing
- Authoritarian control



Political will?



Political Corruption: Global Trends

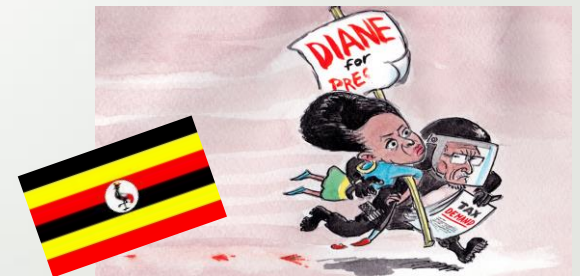
New routes of extraction

- Cronyism, crony capitalism
- “Dead meat” companies
- Corporate Social Responsibility (CSR)
- Public-Private Partnerships
- *Comptes hors budget*
- Security and defense
 - Military businesses
- *Wasta*



New ways of re-investing

- Vote buying
 - Banned in Nigeria, Malawi, ...
- Anti-corruption commissions
 - Tax authorities



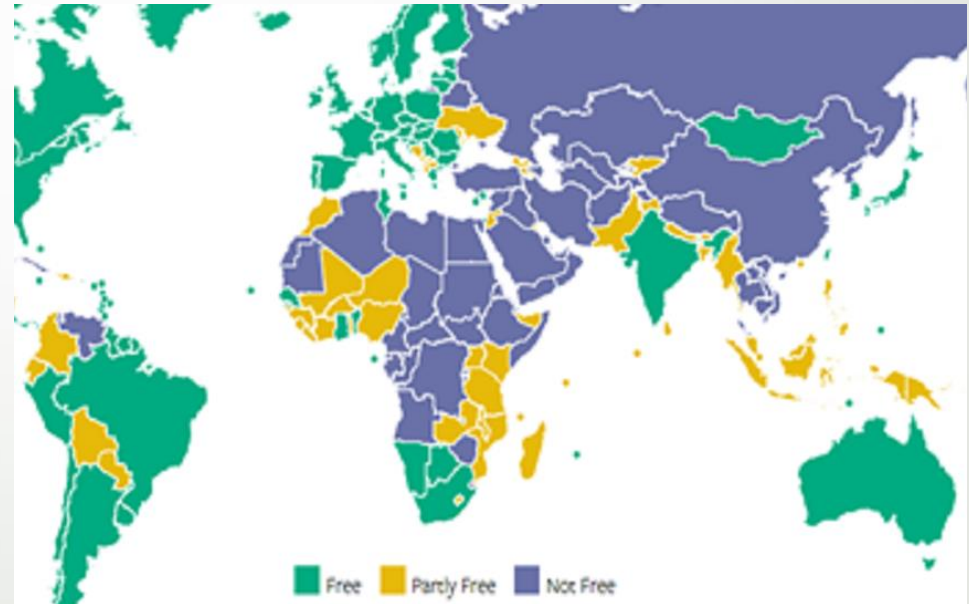
Political Corruption Globally

Corruption trends

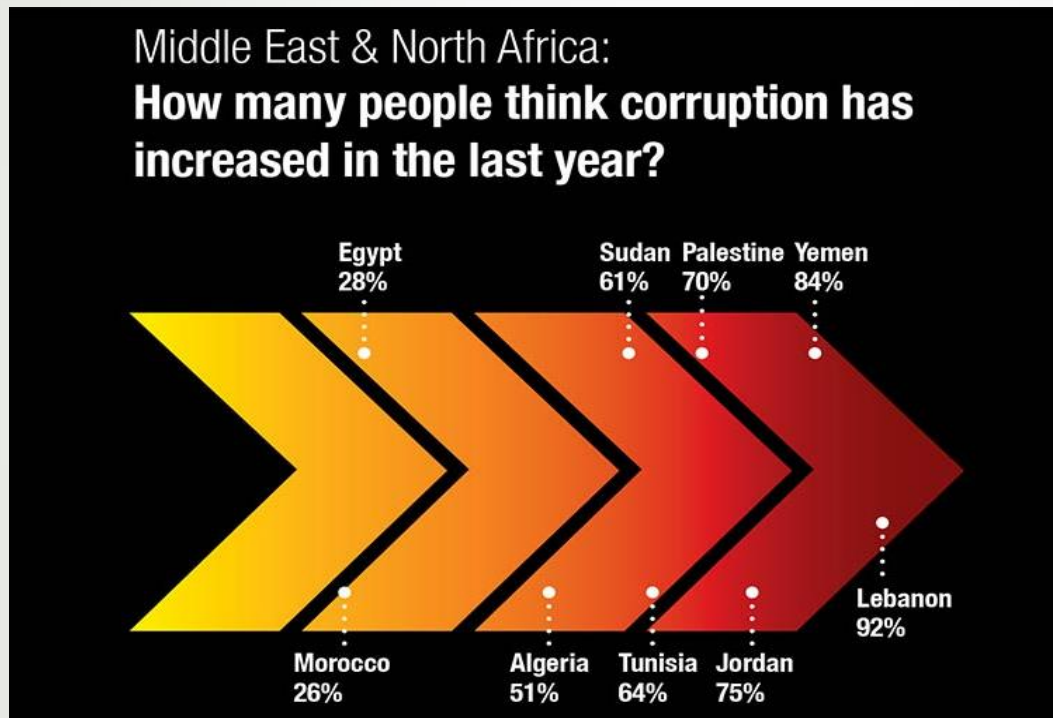
- Significant improvements in some countries
- Georgia, Rwanda, Estonia, Qatar, Uruguay, Botswana, South Korea, Taiwan, Costa Rica, Chile (1996-2015)

Transitions from authoritarianism

- 113 declined (12 consecutive year of decline in global freedom)
- 62 have experienced a net improvement (2006-2018)
- The Gambia, Timor Leste, Nepal, Ecuador, Macedonia, ...



Corruption in MENA



Heavy army control of the economy

- Egypt
- Turkey

Wasta

- Connections
- Clout, influence
- Favouritism
- Nepotism
- Go-between
- *Crony Capitalism*

Corruption in MENA

Qatar: authoritarian control

- Corruption levels down to less than Belgium, France, UK, Israel, Cyprus
- CPI 33/180
- World's richest country (BNP) per capita
- Freedom of the press: no
- Budget transparency: no
- Efficient economic bureaucracy



Tamim ibn Hamad Al Thani

Tunisia: gaining democratic control?

- CPI score of 73/180
- Once tightly controlled under former president Zine el-Abidine Ben Ali
- First *Arab Spring* country
- 2014 semi-presidential system
- 2019 second free and fair presidential election



Kaïs Saïed

Corruption in MENA

Other authoritarian corruption controllers

- UAE: CPI score of 23/180
- Turkey: CPI score of 78/180



Mass Protests 2019

- Egypt: September: heavy suppression of activists, thousands detained
- Iraq: October: violent suppression of protesters, 100+ killed and thousands injured
- Lebanon: October-November: reforms and PM resignation
- Sudan: President al-Bashir overthrown in coup in April, mass protests before and after, September power-sharing agreement



'Losers'

- Syria, Libya, Yemen and Iraq
- Instability, terrorism, war and conflict
- Remains at the bottom of the CPI

Anti-Corruption in MENA

Saudi Arabia

- 2017 June: Crown Prince Mohammed bin Salman
- 2017 November: round-up of royal, political and business leadership in the name of anti-corruption
- 2019 January: bin Salman 'recovers' \$107bn in 'settlements'
- ("My father saw that there is no way we can stay in the G20 and grow with this level of corruption").

